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# **SPECIAL COMMITTEE OF THE SENATE ON MANPOWER AND EMPLOYMENT**

**A Submission by the  
Government of Saskatchewan**



**Ottawa, Ontario  
April, 1961**







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SPECIAL COMMITTEE OF THE SENATE

ON

MANPOWER AND EMPLOYMENT

1961

The Committee on Manpower and Employment was established in 1960 to study the problems of manpower and employment in Canada and to make recommendations to the Senate.

The Committee has held numerous public hearings and has received many suggestions from employers, employees, and the general public. It has also conducted extensive research into the various factors affecting the Canadian labour market.

The Committee's report, "Manpower and Employment in Canada," was presented to the Senate in 1961. It contains a detailed analysis of the current situation and a series of recommendations for improving the efficiency of the labour market.

A Submission by the

Government of Saskatchewan



Ottawa, Ontario

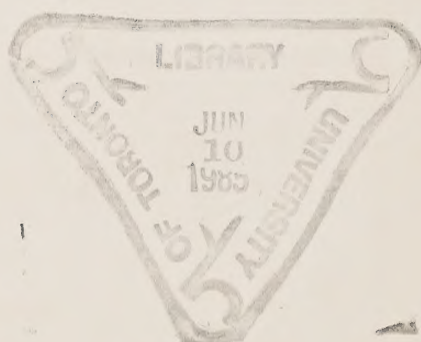
April, 1961

SPECIAL COMMITTEE ON THE SENATE

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MANPOWER AND EMPLOYMENT

A Submission by the  
Government of Saskatchewan



OTTAWA, ONTARIO

April, 1961



Regina, Saskatchewan,  
May 9, 1961.

The Honourable Leon Methot,  
Chairman,  
The Special Committee of the Senate on  
Manpower and Employment,  
OTTAWA, Ontario.

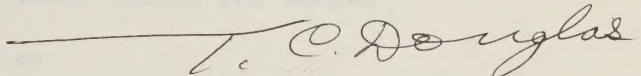
Dear Sir:

I am pleased to transmit to your Committee a brief setting forth the views of the Government of Saskatchewan on the questions of manpower and employment the Committee is studying.

Our submission attempts to identify and assess the major forces affecting levels of economic activity and manpower utilization and suggests what we believe are appropriate long- and short-run policies for Canada today.

I hope that our representations will be of some help to you and your colleagues in your deliberations.

Yours sincerely,

A handwritten signature in dark ink, reading "T. C. Douglas". The signature is fluid and cursive, with a long horizontal line extending from the left side of the name.

T. C. Douglas,  
Premier.

Regina, Saskatchewan,  
May 2, 1961.

The Honourable Leon March,  
Chairman,  
The Special Committee of the Senate on  
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*Handwritten signature*

T. C. Douglas,  
Premier.

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## I. INTRODUCTION

The Government of Saskatchewan welcomes the opportunity to appear before this Committee and to present its views on what is perhaps the most crucial domestic issue facing Canada today - the fullest possible development and employment of its manpower resources.

There is no need for us to review the nature or dimensions of the problem of unemployment in Canada today. This has been done adequately by the various studies which the Committee has had prepared. However we would like to emphasize what we believe to be the two most serious aspects of the problem. The first is its chronic nature which is reflected in the persistent upward pressure on unemployment rates since the mid-fifties. The second is that the problem seems to have its roots in causes, other than seasonal or cyclical, that relate to a falling off both in domestic and foreign demand and to the decline in our rate of economic growth.

These characteristics indicate the fundamental changes taking place in the Canadian economy and in its trading relationships with other nations against which the familiar counter-cyclical and counter-seasonal policies alone may not be effective. They suggest, and this has been widely recognized, that a thorough reappraisal of our present position is needed which will lead to long-run public policies that can effectively reverse the current trends. The Government of Saskatchewan believes that these changes have profound implications for provincial economies and that provincial governments have an important stake in any public policies developed to cope with them.

No one will deny the close inter-dependence of the national and provincial economies. Each of the regions of Canada has its own distinctive complex of natural resources and productive capacity that both serve and depend on producers and consumers in the other regions. The domestic markets for our output are nation-wide; the income of the western farmer and the eastern factory employee are mutually dependent. National





policies such as the tariff structure, while designed for application to only part of the economy, inevitably affect the whole economy. In Saskatchewan, as industrial development and diversification proceeds, our economy is becoming more sensitive and responsive to a wider range of factors that affect the national economy such as the foreign demand for minerals and the general level of investment. At the same time agriculture is still our major industry. National policies which affect the ability or willingness of overseas countries to buy our wheat, or which affect the costs of production of our farmers are still of vital concern to us.

The nature of Canadian federalism binds a provincial economy to the national economy in yet another way. Provincial governments can achieve their social and political goals only in proportion to the resources they have to provide the programs and services that shape these goals. However provincial government revenues depend only in part on local tax sources. In a country such as ours which is federal in political structure, and whose economic structure consists of highly differentiated regions, provincial government revenues must also depend on tax sources that the Federal Government, because of its strategic position and constitutional powers, must cultivate. Revenues from these sources must be redistributed to the provinces, as members of a federal community, on the basis of some principle of equality. Obviously, provinces are directly affected by whatever influences the yield of these tax sources or their distribution among the provinces.

Finally, the dependence of provincial economies on the national economy gains an added sensitivity from the fact that the provinces lack the financial resources and constitutional authority to cope effectively with their own economic problems. The power to develop and apply measures for increasing the rate of economic growth and to assure the best use of our human and material resources is primarily a power of the Federal Government.





These are the reasons why the Government of Saskatchewan believes it has a stake in the deliberations of the Senate Committee and a responsibility to express itself on the issues that the Committee is facing. Any decisions or actions that result from the Committee's work will intimately affect us.

As we noted earlier it is not our intention to present an exhaustive analysis of Canada's current economic difficulties or a detailed national program for manpower utilization and employment. This is perhaps more appropriately done on occasions other than the presentation of a general brief. Our submission deals primarily with the situation in Saskatchewan and sketches some of the fundamental features of what we would consider an effective national policy.

But while our brief deals with Saskatchewan, the fact that the situation in our Province reflects the major economic issues facing the nation makes the brief illustrative of the larger national scene. For this reason the policies we suggest are valid and relevant not only for Saskatchewan but for Canada as a whole. In fact the inter-dependence of the national and provincial economies makes it virtually impossible to frame public policies that are not national in scope and application.

In outline, our brief first describes the manpower and employment situation in Saskatchewan and the changes that are taking place particularly in rural areas. It then turns to a discussion of the economic forces that have brought the situation about and that are continuing to shape it. And finally it suggests the goals we should set for our manpower policy and the means we should follow to attain them. Our brief emphasizes four major themes.

1. Governments have a major and growing responsibility to underwrite the rate of economic growth in order to achieve full employment, and to assure the best allocation of our material and manpower resources. We believe this function should be accepted without apology and that steps should be taken to perform it as effectively as possible.





2. To plan and guide the direction and rate of growth of our economy involves the use of a variety of general measures and specific economic techniques. The use of these economic instruments will require the co-ordination of private and public interests and the co-operation of all levels of government. This suggests nothing more than that we must recognize the need and develop the methods for effective economic planning.

3. One of the major elements in the total complex of economic policies must be the greater use of public programs - federal, provincial and municipal - to satisfy community needs and to stimulate investment. We do not argue that the public decisions involved in community consumption and social capital accumulation are at all times superior to private choices. But we do believe, however, that the sum total of all private consumer decisions does not automatically assure the most desirable distribution of wealth or allocation of resources.

4. There is mounting evidence that if Canada is to strengthen its competitive position both in the domestic and in foreign markets much greater attention will have to be paid to the productivity of our industry and in particular the quality and skills of our labour force. This is one of the areas in which government must play a major role. It is also one in which we believe the improvement in the skill and knowledge of our labour force has the greatest contribution to make. For this reason education must play a larger and more vital role in our national economic planning.



## II. SASKATCHEWAN'S MANPOWER RESOURCES

One of the major determinants of a community's capacity to produce, and consequently of its national wealth, is the size and quality of its labour force. Viewed from another perspective, the size and quality of the labour force at any given time defines the level at which the economy must operate in order to fully use its manpower resources. Both of these aspects of manpower utilization are important in developing national economic policy. This is true both for Saskatchewan and Canada.

Since our labour supply to a large extent is the product of the changes that have taken place in the size and structure of our population we shall begin by reviewing our population trends and changes in the post-war period.

### A. Population

Three significant characteristics of Saskatchewan's population history stand out in such a review. Probably the most dramatic and certainly the best known change is the rapid decrease in our farm population. Table 1 shows that between 1946 and 1960 our farm population dropped by about 100,000.<sup>1/</sup> In 1946 it constituted over one half of our total population; today it represents less than two-fifths. What we are experiencing in Saskatchewan are economic and social pressures resulting in a decrease in the number and increase in the size of farm units and the displacement of excess farm population.

These pressures have a number of sources. Some date back to the original land settlement pattern and its lack of consideration of the productivity of the land being settled. Another source has been the technological changes resulting in increasing mechanization and the consolidation of smaller farm units in the interests of more efficient

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<sup>1/</sup> A large part of this decrease, it should be noted, is made up of farmers and their families who have changed their residence to urban centres but who still remain in farming. Nonetheless the trends described here are still marked.





operation. The low levels of farm income in recent years relative to the income of the non-agricultural labour force, the high capital cost of entering the industry and the attractions of urban amenities have been effective forces in pushing would-be farmers off the land.

Table 1

Rural Urban Population Distribution, Saskatchewan, 1946-1960

	<u>Total</u>	<u>Urban</u>		<u>Rural</u>					
		<u>Number</u>	<u>%</u>	<u>Total</u>		<u>Non-Farm</u>		<u>Farm</u>	
				<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
1946 <sup>1/</sup>	832,688	208,872	25	623,816	75	180,317	22	443,499	53
1951	831,728	252,470	30	579,258	70	180,979	22	398,279	48
1956	880,665	322,003	37	558,662	63	198,011	22	360,651	41
1960	910,000	362,000	40	548,000	60	208,000	23	340,000	37

Source: D.B.S. Census data and inter-censal estimate. Distributions for 1960 based on Saskatchewan Hospital Services Plan data.

<sup>1/</sup> Based on 1951 definitions of rural and urban.

This trend will probably continue in the future as the number of farm units drops to the 75,000 estimated by the Royal Commission on Agriculture and Rural Life as optimum for Saskatchewan. If it does it will mean about 7,000 people leaving our farms each year of which, it is estimated, about 5,000 will be potential entrants into the non-agricultural labour force.

A significant part of those moving off the farms are the youth and young adults. Some indication of this change can be seen in Tables 2 and 3. Table 2 shows that between 1946 and 1956 the age group 15-29 years of age living in rural areas showed by far the largest loss in its numbers - a loss of some 50,000 or over one-third. The change is reflected in another way in Table 3. This table shows that the





proportion that this age group constituted of the total rural population fell from over 26 per cent in 1946 to 20 per cent in 1956 - the largest contraction that took place in any age group during the decade.

This movement acquires special significance when seen in the light of information supplied by the federal Department of Labour. In their publication, Monthly Summary of Employment Conditions, Prairie Region, the National Employment Service reports that in Saskatchewan during the last couple of years they have become very concerned about the large number of children dropping out of school before completing high school. They note that they undertook a campaign to induce these children to stay at school longer, and that while they did achieve some success with children in urban areas, the problem in rural areas in fact increased. This suggests that we are getting a large off-farm migration of young unskilled and untrained additions to our labour force. The implications this has for improved training facilities are obvious.

A second characteristic of our population history is the rapid growth of our urban centres. Between 1946 and 1960 our urban population increased by over 70 per cent, that is at an average annual rate of well over 5 per cent (see Table 1). Economic development and diversification in Saskatchewan in the post-war period have provided sufficient job opportunities to absorb this rate of urban population growth and beginning with the fifties have reversed the decline in the absolute numbers of our population which was taking place up to that time. Unfortunately it has not yet reached the stage where it can absorb the entire natural increase in our population (see Table 4). The growing concentration of our population in urban centres illustrates our increasing dependence on high levels of employment in essentially urban industries - a dependence that is greater now than at any time in our history.



Table 2

Population of Saskatchewan, by Age, 1946-1960

<u>Age Group</u>	<u>1946<sup>1/</sup></u>			<u>1951</u>			<u>1956</u>			<u>1960</u>
	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u> (000)
0-14	241,089	48,485	192,604	255,252	66,627	188,625	286,770	94,675	192,095	308.5
15-29	223,462	59,266	164,196	193,355	63,600	129,755	187,231	75,500	111,731	185.9
30-44	158,914	43,613	115,301	167,559	52,978	114,581	174,928	65,709	109,219	170.2
45-64	154,898	43,013	111,885	148,349	46,750	101,599	153,090	54,878	98,212	162.5
65+	54,325	14,503	39,822	67,213	22,515	44,698	78,646	31,241	47,405	82.8
Total	832,688	208,880	623,808	831,728	252,470	579,258	880,665	322,003	558,662	910.0

<sup>1/</sup> Based on the 1951 definition of rural and urban.





Table 3

Percentage Age Distribution of Saskatchewan's Population, 1946-1960

<u>Age Group</u>	<u>1946<sup>1/</sup></u>			<u>1951</u>			<u>1956</u>			<u>1960</u>
	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
0-14	29.0	23.2	30.9	30.7	26.4	32.6	32.6	29.4	34.4	33.9
15-29	26.8	28.4	26.3	23.3	25.2	22.4	21.3	23.5	20.0	20.4
30-44	19.1	20.9	18.5	20.1	21.0	19.8	19.9	20.4	19.5	18.7
45-64	18.6	20.6	17.9	17.8	18.5	17.5	17.4	17.0	17.6	17.9
65 +	6.5	6.9	6.4	8.1	8.9	7.7	8.9	9.7	8.5	9.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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1/ Based on the 1951 definitions of rural and urban.

A third trend in our population history worth mentioning is its changing age composition. Table 3 shows that both ends of the distribution are increasing relative to the middle age groups. Both the under 15 and over 65 age groups comprised a larger proportion of the population in 1960 than they did in 1946, the former rising from 29 to 34 per cent and the latter from 6.5 to over 9 per cent. Both of these changes will affect the future supply of manpower resources and have important implications for public policy.

The increase in the younger age group suggests that the pressure on our educational and occupational training facilities will continue to increase rapidly over the next decade and that unless there are countervailing influences which keep young people out of the labour force the economy will have to accommodate a larger number of these people. At the same time because the older age group is also increasing society is coming under increasing pressure, both for the sake of the individuals concerned and the costs to the community, to change our traditional practices regarding the hiring and retirement of older workers and to arrive at wiser and more humane methods of achieving





the transition from a working life to retirement. Unless we provide facilities to train the young workers and make more adequate arrangements for the employment of older workers we can expect these groups to contribute significantly to the unemployment problem in the next decade. These are the groups that are now causing grave concern as much of the evidence before this Committee testifies. Unless steps are taken to meet this problem it will become more acute as the shift in the age composition proceeds.

Table 4

Natural Increase and Net Migration, Saskatchewan, 1946-1960

<u>Year</u>	<u>Population</u>	<u>Live Births</u>	<u>Deaths</u>	<u>Natural Increase</u>	<u>Net Migration</u>
1946	833,000	21,433	6,422	15,011	- 12,000
1947	836,000	23,334	6,610	16,724	- 15,000
1948	838,000	21,562	6,496	15,066	- 21,000
1949	832,000	21,662	6,596	15,066	- 14,000
1950	833,000	21,546	6,243	15,303	- 16,000
1951	832,000	21,733	6,440	15,293	- 4,000
1952	843,000	22,605	6,625	15,980	+ 2,000
1953	861,000	23,703	6,687	17,016	- 5,000
1954	873,000	24,981	6,323	18,658	- 14,000
1955	878,000	24,746	6,661	18,085	- 14,000
1956	881,000	24,059	6,666	17,393	- 19,000
1957	879,000	23,921	6,743	17,178	- 8,000
1958	888,000	23,843	6,483	17,360	- 3,000
1959	902,000	24,319	7,003	17,316	- 9,000
1960	910,000	24,050	6,767	17,283	



## B. Labour Force

As suggested above, the character of Saskatchewan's labour force is shaped to a large extent by the way its population grows and shifts. Unfortunately specific information about our labour force is almost totally lacking and we have been forced to develop estimates which at best are very rough. This is a most extraordinary situation and we wish to draw the attention of the Committee to it at this time.

As the Committee knows the Labour Force Survey groups the data for Manitoba, Saskatchewan and Alberta into a single regional figure. The same is true for the maritime provinces. While this is useful for research into national problems it is virtually of no use to the individual provinces concerned. As well, the National Employment Service publishes data on unplaced applicants on a provincial basis. But the deficiency of these data limits their usefulness. Nonetheless until recently they have been available and we have used them. We have now been informed, however, that we will no longer be permitted even these data for official use. This leaves the prairie and maritime provinces without any statistical measure of unemployment at all.

In a country like Canada we find this situation totally indefensible. Provincial governments, in discharging their responsibilities, must constantly assess the economic situation in their respective provinces and for this purpose unemployment data are indispensable. It is most distressing and frustrating to have no useful data with which to work. Surely it is not too much to ask that the Dominion Bureau of Statistics be requested and enabled to gather and publish, on a provincial basis, at least the data it now publishes on a regional basis.

### 1. Size and composition

Using census data we have attempted to develop our own estimates of Saskatchewan's labour force. The method we used is outlined in an appendix to this brief and the results are summarized in Table 5.





Table 5

Saskatchewan's Labour Force, 1951 and 1960  
(000)

	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Agricultural</u>	<u>Non- Agricultural</u>
1951	302	251	51	148	154
1960	316	253	63	125	191
Average annual change	+ 1.6			- 2.5	+ 4.1

These estimates are approximations only but the actual numbers of the labour force for the purpose of this brief are not as important as the direction and rate of change. In summary the table shows that for the past decade our total labour force has been increasing at an annual average rate of about 1.6 thousand per year. During this time the agricultural labour force has been decreasing at an annual average rate of about 2.6 thousand per year, while the non-agricultural labour force was increasing at just over 4 per cent per year.

To derive their full significance these data should be viewed in the light of the population trends described earlier. We noted above that each year about 7,000 people leave farm homes of which 5,000 seek work elsewhere. About half of this number represents those who are withdrawing from agricultural pursuits; the other half are persons, mostly young people, who are entering the labour force for the first time. Many in these groups do not have the skills or the training that urban occupations are increasingly demanding.

At the same time each year not less than 15,000 people are being added to the population 14 years of age and over. By a rough rule of thumb we estimate that of these 15,000 at least one-third, or 5,000, will become members of the labour force and seek employment. In all, therefore, in order to provide employment for the 2,500 moving out of farming, the 2,500 from rural areas entering the labour force for the





first time, and the 5,000 new entrants into the labour force resulting from population increase, a total of 10,000 new non-agricultural jobs are required annually. In fact in spite of the expansion of non-farm activity in Saskatchewan over the past decade which was to a large extent capital-intensive industries, only about 4,000 new jobs were provided each year. The result of this discrepancy has, of course, been net out-migration of population.

## 2. Industrial distribution of non-agricultural workers

Data on the industrial distribution of Saskatchewan's non-agricultural labour force are very incomplete and will permit only the roughest assessment of the changes that have taken place in the past decade. The data that are available and which are published by the D.B.S. relates only to firms that usually employ 15 or more workers. However some general idea of the changes that have taken place can be formed from even the limited data presented in Table 6. This table shows the greater importance today of our mining industry, the manufacture of petroleum products, construction and public utilities compared to 10 years ago. These are activities which depend on new export markets and on the pace of economic activity in the country as a whole. Saskatchewan's economy is becoming more and more dependent on factors other than those which affect wheat and on industries other than those which serve agriculture.

Unfortunately the limited information on Saskatchewan's labour force does no more than describe in a rough way some of the longer-run changes that are taking place. It lacks the completeness, the detail and the precision needed to help us study the behaviour of the provincial labour force in periods of recession or its response to technological change. Its limitations, further, make it very difficult to adequately assess the short-run manpower problems the provincial economy faces. However, some data are available which permit a rough outline of the current situation.



Table 6

Index Numbers of Employment by Industry, Saskatchewan, 1951-1960  
(Annual Averages, 1949 = 100)

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Mining	-	-	-	-	-	-	-	-	262.9	208.6
Manufacturing	99.9	104.7	104.8	106.6	108.1	108.9	116.5	120.4	123.5	123.5
Food and Beverages	95.9	98.9	95.9	96.4	96.0	96.2	105.2	107.9	110.2	109.2
Meat products	93.8	91.2	82.8	79.6	77.8	79.2	100.6	109.9	123.1	117.5
Dairy products	96.1	100.0	98.5	101.2	101.0	100.4	105.5	106.8	108.9	105.5
Products of petroleum and coal	-	-	-	-	-	-	-	180.7	170.6	157.7
Construction	106.9	118.1	127.1	144.5	139.3	141.9	145.7	154.9	168.1	165.5
Building and general engineering	114.2	140.1	145.1	169.1	150.7	159.1	167.1	175.5	181.6	187.6
Highways, bridges and streets	98.4	95.2	110.3	122.2	128.8	126.2	126.0	135.8	148.7	144.9
Transportation, storage, communication	106.7	111.0	111.7	105.8	105.0	114.4	110.3	104.6	104.0	98.7
Public utility operations	-	-	-	-	-	-	262.2	301.9	328.4	341.5
Trade	102.7	106.6	114.4	115.6	112.7	116.1	119.3	120.1	125.7	126.1
Wholesale	103.9	108.3	116.4	117.0	112.0	114.1	115.1	112.0	114.4	113.3
Retail	102.1	105.2	113.3	114.6	113.1	117.4	121.9	125.3	133.1	134.4
Finance, insurance and real estate	110.7	114.9	120.4	127.6	125.0	122.1	125.6	130.1	133.4	139.1
Service	100.5	100.5	110.0	115.0	112.5	109.2	117.1	115.8	114.7	120.7
Industrial composite	106.0	111.4	116.2	118.0	117.0	121.1	125.3	126.6	130.4	127.9

Source: Employment and Payrolls, (Annual and Monthly) D.B.S.





### C. Current Employment Situation

An indication of the impact of the current recession on the Saskatchewan economy can be seen in Table 7. The most serious change has been the cutback in uranium and oil exploration activity and the effect that this has had on employment in the industry. The second largest drop occurred in the transportation industry. Part of this was due to the technological changes taking place in rail transport, and curtailment of branch lines; part was due to the reduction of activity in construction and consequently in the need for truckers used in that industry. The drop in the index for the construction industry was of course due to the significant decline in housebuilding which uses a high proportion of labour.

Table 7

Per Cent Change in Index of Employment,  
1960 over 1959

	<u>1960 over 1959</u>	<u>Proportion Each Sector is of Industrial Composite</u>
Industrial Composite	- 1.9	100.0
Service	+ 5.2	5.0
Mining	- 20.7	4.2
Manufacturing	-	14.8
Construction	- 1.5	17.7
Transport	- 5.1	24.7
Public Utility	+ 4.0	14.5
Trade	+ .3	23.0
Finance	+ 4.3	6.0

The nature of the unemployment problem in Saskatchewan can be seen in data published by the National Employment Service on unplaced applicants. We are, of course, fully aware of the deficiency of the



unplaced applicant data as indicators of the size or nature of the unemployment problem. But unfortunately they are the only published data available to us which attempt to describe the problem; and we are consequently forced to use them to arrive at any measure of unemployment in Saskatchewan.

Table 8 shows the total number of unplaced applicants in the Province by months since 1951. The data have been seasonally adjusted - i.e., the monthly fluctuations due to seasonal factors have been removed and the cyclical pattern exposed. They are charted in the graph on page 17. In essence they reveal the same long-run increase in unemployment in Saskatchewan since the beginning of the nineteen fifties that have been described for Canada by various studies prepared for the Committee. However incomplete a picture of the current situation the data present there is reason to think the trends they reflect provide a clear indication of what is actually taking place.

Table 8

Unplaced Applicants, Saskatchewan, 1951-1960  
(Seasonally Adjusted)

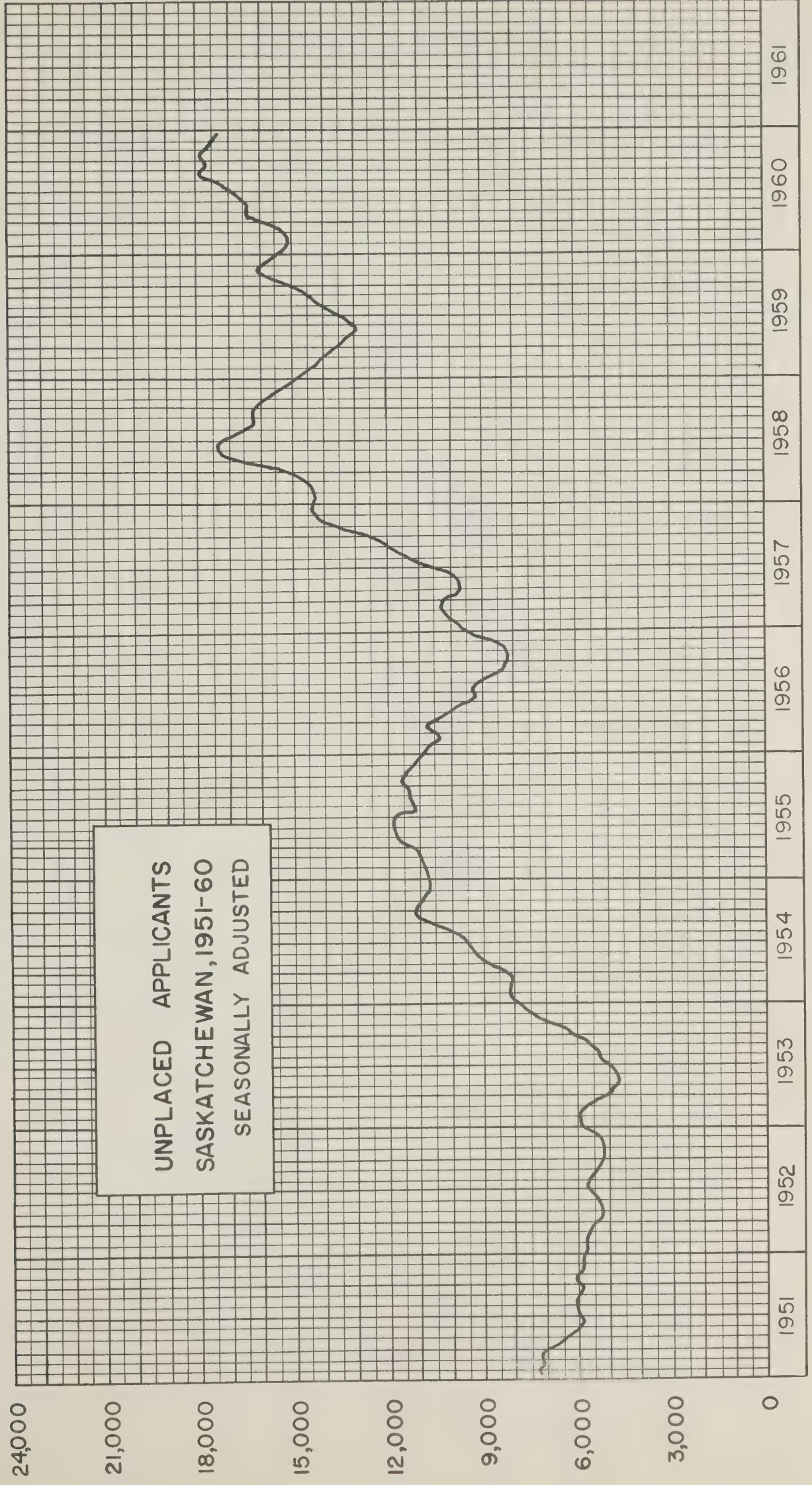
	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
January	7,150	5,712	5,918	8,090	10,834	10,698	9,748	14,376	14,649	15,139
February	7,067	5,777	5,958	8,041	10,930	10,492	10,188	14,486	14,179	15,072
March	7,153	5,571	5,480	8,074	11,025	10,819	10,261	14,840	13,735	15,522
April	6,607	5,248	4,961	8,698	11,670	10,289	9,846	15,796	13,447	16,407
May	6,189	5,256	4,779	9,120	11,804	9,869	9,746	17,260	12,942	16,457
June	5,892	5,532	4,969	9,488	11,862	9,181	10,156	17,416	13,318	16,865
July	6,007	5,759	5,330	9,644	11,194	9,262	11,027	16,986	13,867	17,221
August	6,088	5,669	5,417	10,441	11,310	8,929	11,544	16,203	14,323	17,916
September	5,895	5,392	5,823	11,082	11,380	8,291	12,212	16,245	14,974	17,654
October	6,029	5,199	6,329	11,041	11,631	8,139	13,193	16,019	15,465	16,913
November	5,868	5,261	7,272	10,827	11,340	8,319	14,158	15,589	16,060	16,520
December	5,852	5,537	7,773	10,619	11,082	9,207	14,440	15,025	15,644	16,388

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Source: Weekly Labour Reports, Saskatchewan Department of Labour, based on data supplied by Saskatchewan Regional Offices of N.E.S.









Tables 9 and 10 describe the occupational composition of the unemployed and the relative changes that have taken place in the distribution between the summers of 1958 and 1960, two periods when the numbers of unplaced applicants appear to have reached peaks and when, presumably, the unemployment problem was particularly acute.

Table 9 shows the actual numbers of unplaced applicants for each of the years 1957 to 1960. Unfortunately we have no data on the distribution of the labour force by occupational group and consequently the usefulness of the data as a description of the current situation or the recent trends is very limited. Table 10 however begins to reveal some of the important changes that are occurring.

Table 10 compares the occupational distribution of unplaced applicants in July 1958 with the number in July 1960. These dates were chosen because they were comparable months and because they are next to the months during which unplaced applicants appear to have reached a peak in the current and preceding recessions (see chart, page 17). One would expect any significant differences to show up in such a comparison. Table 10 shows, firstly, a substantial increase in the number of applicants for managerial and professional, and clerical and sales positions. This is in marked contrast to the decrease in applicants for skilled and semi-skilled positions. Looking more closely into these data one notes a rather startling rise in male applicants for the managerial jobs and female applicants for clerical jobs and less dramatic rises in applicants for some of the skilled construction jobs and service jobs.





Table 9

## Unplaced Applicants by Occupational Group, Saskatchewan, 1957-1960 (Annual Averages)

Occupational and Industrial Group	<u>1957</u>			<u>1958</u>			<u>1959</u>			<u>1960</u>		
	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>
All Groups	11,128	8,612	2,516	15,369	11,755	3,614	14,320	10,641	3,679	15,969	11,940	4,029
Managerial and Professional	175	125	50	232	167	65	226	161	65	272	211	61
Clerical and Sales	1,916	542	1,374	2,772	730	2,042	2,780	683	2,097	3,150	781	2,369
Skilled and Semi-skilled	5,569	4,702	867	7,651	6,463	1,188	7,037	5,843	1,194	7,770	6,531	1,239
Manufacturing	322	229	93	471	356	115	411	318	93	469	364	105
Construction	1,200	1,200	-	1,536	1,536	-	1,490	1,490	-	1,802	1,801	1
Transport and Communication	1,381	1,379	2	1,959	1,955	4	1,738	1,734	4	1,815	1,813	2
Trade and Service	1,849	1,103	746	2,490	1,458	1,032	2,414	1,363	1,051	2,604	1,518	1,086
Agriculture, Lumbering, Mining	275	266	9	417	407	10	357	345	12	361	349	12
Miscellaneous	542	525	17	778	751	27	627	593	34	719	686	33
Unskilled (all industries)	3,468	3,243	225	4,714	4,396	318	4,276	3,955	321	4,778	4,418	360

Source: Saskatchewan Department of Labour, Weekly Labour Report (based on N.E.S. data for the last Thursday in each month).



Table 10

Percentage Increase in Unplaced Applicants by  
Occupational Group, July 1958 to July 1960

<u>Occupational and Industrial Groups</u>	<u>Percentage Change</u>		
	<u>Total</u>	<u>Male</u>	<u>Female</u>
All Groups	+ 8.9	+ 2.4	+ 18.0
Managerial and Professional	+ 31.1	+ 52.1	- 5.6
Clerical and Sales	+ 21.4	+ 13.0	+ 23.7
Skilled and Semi-skilled	- .7	- 3.2	+ 7.0
Manufacturing	- 1.8	- 6.3	+ 6.5
Construction	+ 12.8	+ 12.8	<u>1/</u>
Transport and Communication	- 16.7	- 16.3	<u>1/</u>
Trade and Service	+ 10.4	+ 14.3	+ 6.5
Agriculture, Lumbering, Mining	- 26.4	- 27.6	<u>1/</u>
Miscellaneous	- 15.5	- 18.1	+ 27.8
Unskilled (all industries)	+ 6.7	+ 4.5	+ 22.6

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Source: Weekly Labour Report, Saskatchewan Department of Labour.

1/ Too few to be significant.

The picture suggested by these data and by the monthly summaries of employment conditions in the prairie region published by the National Employment Service, can be summarized as follows. There has been a decrease in the demand for labour - particularly in the office manager, junior engineer and draughtsman positions, in female occupations and in unskilled occupations. This has been due in part to a cutback in oil exploration, office consolidation in the oil industry and wholesale trade, and to a decline in construction activity.





The reduction in the demand for labour can take several forms. It is reflected in a decrease in the number of job openings, an increase in the amount of short-time worked and the substitution of temporary for permanent jobs. Unplaced applicant data do not, of course, show up the short-time or temporary employment problems but there is reason to believe these are increasing in Saskatchewan as they are across Canada. (This information as well, unfortunately, is not available on a provincial basis.) For example, the National Employment Service in its monthly summary reports that a large number of people who sought permanent jobs were referred to temporary ones. Thus in addition to the problem of lack of jobs, a good deal of disguised unemployment probably exists in Saskatchewan particularly in the manufacturing and trade sectors.

At the same time there has been an increase in the supply of labour, particularly female workers seeking clerical and sales jobs and both youths and older workers who are reported to be coming increasingly into the labour force. The National Employment Service reports that a large number of women who have not been in the labour force for some time, many of them with no work history since marriage are seeking jobs because their husbands are out of work or on short-time. Although female labour force participation often rises during recessions in non-agricultural provinces, the recent surge of women into the labour force is a new phenomenon in Saskatchewan. Generally with respect to the labour supply it appears that during the current recession more and more persons such as housewives, students and retired persons are beginning to enter the labour force.

One significant development that is not reflected in the unplaced applicant statistics is the decline in the number of job openings in the transportation industry. The reason the data do not show this is that the disappearance of jobs in this industry due to such factors as technological change and cutback in service is a permanent phenomenon



and the displaced workers end up being registered in alternative employment. The same thing is no doubt happening in many industries and in many parts of Canada.

The difficulties the young and the older workers are experiencing in finding employment should receive special emphasis and attention. Not only do they reflect the current economic problem in the narrow sense, they also reflect the longer run social and technological changes that are taking place in our society and have tremendous implications for our educational programs and our social institutions and practices.

We have already referred to the trouble the National Employment Service was having in placing school drop-outs (see page 7). They report that despite their attempts to encourage children to continue their education, the problem is still serious. When the increase in supply of young workers is coupled with a decrease in the demand, the problem becomes worse.

The reduction in job opportunities for the young untrained worker with less than grade 12 education and no vocational skills stems from at least two sources. First it results from the general upgrading of job specifications which occurs in a number of occupations when an increase in the supply of labour coincides with a levelling off in the demand for workers. The National Employment Service has observed this in, for example, white collar occupations. It also results, and this is probably more serious, from the basic technological changes that are taking place in our economy. The current upgrading of job specifications represents more than mere employer "choosiness" in the face of labour surpluses. It reveals the increasing technical complexity of the jobs that are emerging as our technology advances. Because this is so it suggests that the needed solutions will not be found entirely in economic measures to combat the recession and increase the number of jobs. They must be sought in the education and training





of the young to equip them to satisfy the requirements that our new occupations are increasingly demanding. This is a new problem and requires a new emphasis.

The immediate effect of a recession or labour surplus on the older worker is very much the same as on the youth. In the case of the older worker the upgrading of qualifications has taken the form of setting age barriers to employment where none existed before. However with the older worker as well a longer-run problem is emerging. As life expectancy and the capacity of the older worker to handle a job increases, the pressure to provide him with employment, and the cost of not doing so, in the form of transfer payments and social and health services, will grow. Governments and society generally will have to look to their traditional patterns of behaviour and institutions, such as, for example, the blind assumption of the inferiority of the older worker and the compulsory retirement age tradition, recognize their obsolescence and develop attitudes and policies in greater conformity with reality.



### III. BARRIERS TO MANPOWER UTILIZATION

In the preceding section we outlined the groups of people who are being most affected by economic change and who will figure prominently in national manpower planning. In this section we attempt to deal with the barriers that stand in the way of both maximizing our national output and of using our human resources to the fullest extent and in the best way. Where previously we considered the factors affecting the supply of labour, such as population change and the reasons why people seek to enter the labour force, in this section we are concerned with factors affecting the demand for labour. Specifically the section deals with such long-run forces as the determinants of the rate of growth, technological change, the structural changes taking place in some industries and the social and cultural habits of people as they affect, for example, the age and ethnic origin of employees. It also deals with the short-run forces as they are reflected in cyclical and seasonal fluctuations in the behaviour of the economy.

Here, too, we suggest there is nothing unique in the economic problem Saskatchewan faces. The obstacles we are experiencing are common to other parts of Canada and we believe our analysis is generally applicable to the wider national and regional problems of the Canadian economy as a whole.

#### A. Long-Run Factors

##### 1. Demand for primary products

Saskatchewan's economic welfare, even more than Canada's, depends on the long-term growth and stability of demand for its primary output in extra provincial markets. About two-thirds of Saskatchewan's agricultural output and almost all of its mineral output are exported either to other Canadian provinces or to foreign countries. Extra-provincial sales of the output of these two industries alone account for





nearly 50 per cent of our total commodity output. Part of this output enters into foreign markets, part is consumed by Canadians, and part is used by Canadian secondary industries as raw materials for products that are both consumed domestically and exported. The crucial importance to Saskatchewan of both a healthy Canadian economy and strong foreign markets is obvious. Any policy or circumstance that affects our exports of primary or secondary commodities or that affects the level of income, consumption and investment in Canada is obviously of vital concern to us. When we make our assessment of our current economic position and of the forces bearing on our economic development we must make it in the light of this inter-relationship of the national and provincial economies.

In saying this we do not wish to over-emphasize the importance of our primary industries in creating job opportunities. While the contribution of these industries to total provincial output is crucial their potential as significantly larger employers of labour is limited. Agriculture will continue to employ fewer workers in the future. Mining is a capital-intensive industry and does not need a large work force. This suggests the growing need to look to secondary industry development in Saskatchewan to absorb our growing labour force.

In spite of the diversification that has taken place in Saskatchewan's economy in recent years agriculture remains our major industry (see Table 11). The demand for our agricultural products is one of the main determinants of income realized by our farmers, and this realized income in turn strongly influences the shifts and movements that will take place in our labour force. Depressed sales and prices exert strong pressures for off-farm migration and make the process of readjustment now taking place in agriculture an additionally difficult one. Apart from its effect in reducing employment opportunities in agriculture, the low level of farm income will, to some extent, also reduce general levels of consumption and investment and depress employment and income in other sectors in all parts of Canada. One need only note how retail sales respond to net farm income,



and observe the reductions in farm implement purchases in Saskatchewan in the past half dozen years (see Table 17) to infer the consequences for the economy as a whole of low farm incomes.

Table 11

Net Value of Commodity Production by Industry, Saskatchewan, 1951-1960  
(\$000,000)

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u> <sup>1/</sup>	<u>1960</u> <sup>1/</sup>
Total	876	1,019	912	584	851	1,045	781	855	902	1,044
Agriculture	685	796	653	250	514	625	314	348	387	521
Non-Agriculture	191	223	259	334	337	420	467	507	515	523
Mining	39	30	33	35	45	76	130	159	159	161
Electric Power	11	13	15	17	19	22	24	26	30	34
Manufactures	61	81	80	104	113	114	110	124	128	122
Construction	73	93	125	171	151	199	196	191	191	198
Other <sup>2/</sup>	7	6	6	7	9	9	7	7	7	8

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<sup>1/</sup> Estimate.

<sup>2/</sup> Including Forestry, Fisheries and Trapping.

Because wheat remains our major agricultural commodity we view with deep concern the diminution of Canada's share of total world exports (see Table 12).

Exports of wheat in 1959-60 were 5.7 per cent below the 1958-59 level and 13.3 per cent below the 1957-58 level. If the series is extended back to 1945 we note that with the exception of 1956 last year was, in percentage terms, the worst in our post-war history. The decline last year was due to reduced shipments to the United Kingdom, Western Germany and India. Unfortunately the long-run future prospects are not too bright.<sup>1/</sup>

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<sup>1/</sup> See, for example, Final Report, Royal Commission on Canada's Economic Prospects, November, 1957, p. 158.





Table 12

Canadian Exports of Wheat and Wheat Flour,  
Crop Years, 1950-1951 to 1959-1960

<u>Year</u> <u>Beginning</u> <u>July</u>	<u>Canadian Exports</u>		
	<u>Total World</u> <u>Trade</u>	<u>Amount</u>	<u>Percentage</u> <u>of Total</u>
	(000,000 bushels)	(000,000 bushels)	
1950	937	221	23.6
1951	1,066	347	32.5
1952	987	392	39.7
1953	897	288	32.8
1954	971	253	26.1
1955	1,065	289	27.1
1956	1,328	282	21.2
1957	1,190	316	26.6
1958	1,308	300	22.9
1959 <sup>1/</sup>	1,280	279	21.8

Source: The Wheat Situation, August, 1960, Agricultural Marketing Service, United States Department of Agriculture.

<sup>1/</sup> Preliminary.

Recent sales of wheat to the People's Republic of China and Czechoslovakia have, of course, considerably improved the short-run prospects. But these are ad hoc arrangements and there is nothing continuing in them to assure the long-run security of our foreign markets - nothing, for example, comparable to the more permanent legislative programs enacted in the United States. Our Indian market was lost to the United States under terms of an agreement which provides for the U.S. financing 587 million bushels or \$965 million worth of wheat over the four-year period of the agreement. This kind of development illustrates one of the handicaps under which our wheat competes for foreign sales. Seldom



does Canada offer credit and only rarely has it taken soft currencies. In 1959-60, for example, Canada financed only 4.8 per cent of her wheat sales. In the same year the U.S. financed 73 per cent of her sales. Substantial American wheat exports to other parts of Asia, particularly Pakistan, have been arranged under similar special deals.

The emergence of the European Common Market presents another problem for Canadian wheat exports. The major market for our wheat has always been Western Europe. The effect on future Canadian wheat exports of the E.C.M. agricultural protection policies may be to reduce the portion of this market available to Canada. The present E.C.M. policy provides internal agricultural price supports at levels well above world prices along with import restrictions which provide domestic producers with the financial incentive and opportunity to meet outside competition.

The response of the Canadian Government to forces of these kinds will do much to shape the prospects for Saskatchewan agriculture and influence the kind and rate of adjustment the industry and its labour force will have to make. If markets continue to deteriorate the process will be a more rapid and a more painful one for the individual farmers involved. If they improve, the retention of the population in agriculture will be ~~facilitated~~. The implications that this has for federal trade and tariff policy are very clear, and these will be discussed later.

However a concern for foreign markets should not be permitted to obscure the significance of the domestic market as a determinant of the total demand for our primary output. It is generally recognized that the consumption of non-grain agricultural products responds directly to increases in income. Historical evidence shows rising per capita consumption of the high-protein foods with rising per capita incomes.<sup>1/</sup> As well the statistical evidence shows a greater per capita consumption of these foods among the higher income groups than among the lower.<sup>2/</sup> These facts are

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<sup>1/</sup> See Annual Statements, Apparent Per Capita Domestic Disappearance of Food in Canada, D.B.S., Ottawa.

<sup>2/</sup> See Urban Family Food Expenditure, 1957, D.B.S., Ottawa.





sufficiently well established to justify the conclusion that high levels of employment and income in Canada are one of the important supports of the agricultural industry in Canada.

The demand for wheat and other agricultural commodities is not, of course, the only important long-run factor affecting agriculture. Problems of price and costs, productivity and stability also affect levels of farm income. And these factors, along with the availability of alternative employment and opportunities for retraining for the agricultural labour force, will determine the incentives that exist for remaining in or moving out of the industry. But more of this will be said later. The significance of Canadian and foreign demand for commodities other than agricultural should be mentioned first.

Saskatchewan's mining industry is coming to be an increasingly important sector of our economy. Lagging demand for our major minerals - oil, uranium, copper, zinc - has an impact on levels of employment not only in the mining industry. In 1960 Saskatchewan's mineral production was up only 1.6 per cent over the preceding year. In 1959 it was virtually unchanged from the year before that. The extent to which this represents the levelling-off of a major expansionary force can be seen in the rates of growth in the industry throughout the rest of the fifties (see Table 13). The effect of this slowdown on employment and income can be seen in Table 14.

The situation in 1960 has shown no improvement. The non-renewal of uranium export agreements caused an exodus from Uranium City which began in March 1960 when 300 miners and some technical people were laid off. Since then several mines have sold their contracts to the two mines continuing in production, Gunnar and Eldorado. Some of the mines have been closed and their personnel have been transferred or released.



Table 13

Value of Mineral Production in Saskatchewan

<u>Year</u>	<u>\$</u>	<u>% Change over Previous Year</u>
1950	35,054,536	
1951	51,032,953	+ 45.58
1952	49,506,094	- 2.99
1953	48,081,970	- 2.87
1954	68,216,009	+ 41.87
1955	85,150,128	+ 24.82
1956	122,744,698	+ 44.15
1957	173,461,037	+ 41.31
1958	209,940,966	+ 21.03
1959	210,042,000	+ .04
1960	213,388,000	+ 1.59

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Source: Preliminary Report on Mineral Production,  
D.B.S.

Note: Before 1954, values of pitchblende products  
excluded.

Table 14

Employment and Income in Saskatchewan's  
Mineral Industry, 1950-1960

<u>Year</u>	<u>Number of Employees</u>	<u>Salaries and Wages (\$000)</u>
1950	2,729	8,605
1951	2,930	10,891
1952	2,113	8,024
1953	2,995	11,346
1954	3,607	15,182
1955	3,990	17,766
1956	4,826	22,670
1957	5,765	28,233
1958	5,826	29,699
1959	6,022	30,965
1960	5,500 <sup>1/</sup>	

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Source: General Review of the Mining Industry, D.B.S.

<sup>1/</sup> Government of Saskatchewan estimate.





In the oil industry a lack of incentive to new geophysical and oil exploration has resulted from the generally discouraging short-term export outlook. This has led to a surplus of skilled workers in these fields.

While it is true that our difficulty here results from world-wide excess capacity a significant potential demand exists both in the higher level of economic activity that Canada is capable of and in the vast requirements of underdeveloped countries for industrialization. But to develop this demand also requires new kinds of trade relationships and policies which we have not sought in the past - policies to facilitate foreign purchases of Canadian goods, imports of goods produced by our prospective customers, and to assist the growth of industry in underdeveloped countries. These possibilities are discussed later.

## 2. Technological change

A second set of long-run factors which have a considerable impact on employment is that associated with technological change. Technological change, by increasing productivity has, of course, contributed greatly to national output. But it has also had the effect of displacing workers from their jobs and of reducing the number of job opportunities in industries experiencing the change.

In Saskatchewan the force of technological change can be seen in agriculture. To probably a greater extent than any other factor it will be responsible for determining the size and character of the industry's labour force. The technological revolution that has been taking place is probably too well known to require detailed exposition. A thorough analysis of the situation was made by Saskatchewan's Royal Commission on Agriculture and Rural Life and is included in the Commission's report. But some of the major issues thrown up by the changes we are witnessing should be sketched here.

Although technological change has not been confined to farm mechanization, it is farm mechanization which has the most far reaching



consequences for the labour force. The development and use of more efficient machinery has created two kinds of pressures. Because mechanization permits fewer people to work more land, it has resulted in pressure to increase the size of farm units. Because the amount of available land has not been increasing proportionately, the number of farm units has decreased (see Table 15). At the same time the smaller labour force is required to have new abilities, particularly greater managerial and technical skills.

Table 15

Number, Average Size and Selected Measures of  
Mechanization of Saskatchewan Farms, 1946-1956

<u>Year</u>	<u>Number and Size of Farms</u>		<u>Farm Mechanization Measures</u>		
	<u>Number</u>	<u>Average Size</u>	<u>No. of Tractors</u>	<u>Gasoline Engines Stationary</u>	<u>No. of Grain Combines</u>
		(acres)	(000)	(000)	(000)
1946	125,612	473	71.6	43.0	22.5
1951	112,018	551	106.7	55.8	43.0
1956	103,391	607	121.4	100.7	61.9

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Source: Census of Canada.

But the process of readjustment that is actually taking place is far short of ideal. Many obstacles exist which account for this. One of these is the low level of farm income and the unequal distribution of that income. While some of the larger and wealthier farmers for whom the problem is not acute can expand their holding with relative ease, it is impossible for many of the smaller marginal grain farmers to acquire either the additional land or the machinery to expand their operations and make them more efficient. This magnifies the importance of adequate credit programs and management advice and their role in the process of readjustment that the industry is going through.





Also the lack of re-employment opportunities, and retraining facilities to ease the transition into non-agricultural employment, reduced any effective alternative for these people. It is obvious that the most rapid and effective transition will take place when the economy as a whole is buoyant and there is adequate incentive to move. But alternative job opportunities alone are not enough. Unless the farmer has the skill and training to take work other than unskilled labour and unless he can afford or is assisted with the investment needed to actually make the move it is unlikely he will leave even a marginal operation.

Productivity in agriculture has increased remarkably in the post-war period. Nonetheless the rate of increase has been lower than might otherwise have been the case, because of the developments we have just described. The level of productivity in agriculture, as various studies attempting such measurements show, is lower than in non-agricultural industries generally. Granted, measures of industrial productivity are difficult to develop and risky to apply. But they have been useful in agriculture to help pinpoint some of the basic problems in the industry. For example, the lower level of agricultural productivity is noted in a study<sup>1/</sup> published in 1955. The author, after reporting the results of his analysis, comes to the following conclusion:

"The implication is that the process of adjustment in agriculture has operated too slowly to allow needed rearrangements of labour and capital. The results of the study therefore suggest that any means which can be devised to assist the industry to accommodate itself more easily to changing conditions of markets and production technology will produce a worthwhile addition to the national income."

These results are being confirmed by recent studies<sup>2/</sup> carried on by Saskatchewan farm management clubs under the supervision of the Saskatchewan Department of Agriculture. These studies indicate a need for funds to expand land holdings and improve stocks of equipment that is not being fully met.

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<sup>1/</sup> Productivity of Labour in Canadian Agriculture, W. J. Anderson, Canadian Journal of Economics and Political Science, May, 1955, pps. 228-236.

<sup>2/</sup> 1959 Saskatchewan Farm Business Summary, Saskatchewan Department of Agriculture, Regina, 1960.



It is obvious that the readjustment in agriculture cannot be left to the free play of market forces, or rather can be so left only at the price of reduced national economic welfare and increased personal hardship. It is equally obvious that any intervention in order to assist the process must proceed from the recognition that agriculture is an integral part of the whole economy and that the solutions proposed will probably range over the full gamut of public policies and programs.

Technological change is taking place in other industries as well as agriculture and is affecting the non-agricultural labour force in two ways. Job opportunities have been cut in a number of industries where more output is being turned out with less labour. As well, mechanization, office automation and fast transport have combined to induce the centralization of some firms' operations in one or two Saskatchewan cities, or to a smaller number of points within communities. Information on the changes that are taking place is very sketchy and comes almost entirely from descriptive reports of the National Employment Service. It is unfortunate that so important a matter is not being reported more completely.

Automation of various kinds has resulted in more production with less labour in banking, insurance and finance, in several manufacturing industries including flour milling and in coal mining in Saskatchewan. Many skilled people including bookkeepers and comptometer operators remained unemployed in these industries during the summer months of 1960. This is a relatively new phenomenon. In offices, the automation which has occurred usually means that employees who leave are not replaced, but in industry, mechanization has also produced direct lay offs. In addition much of the industrial expansion in the Province in 1959 and 1960 was in the establishment of new plants of the highly automatic type which, while adding considerably to the value of manufactured products in the Province, will not provide a large number of new jobs.



The centralization of warehousing, meat distribution, the mail order business, and grocery selling reduced employment opportunities in Saskatchewan in 1960. Most of the centralization involved consolidation of operations within the Province. In the oil industry, office centralization to Edmonton affected white collar job opportunities, especially in Regina.

Railways are showing a different kind of development. The extensive use of the private automobile has resulted in a cutback of passenger service to various points in Saskatchewan. But the modernization of equipment and administrative reorganization to accommodate new operating methods have caused most of the lay offs and reduction in job opportunities. Diesels require less servicing and overhauling than steam engines. The maintenance of locomotives, rolling stock and work equipment formerly done in the Moose Jaw shops for the prairie region has been centred in Winnipeg. Mechanization of maintenance of way operations and centralized traffic control need less workers. All of these factors have contributed to the drop in railway employment.

Even the technology of modern household operation has affected job openings. The family car, the widespread use of food refrigeration, and possibly the rise in the proportion of women who work have no doubt each contributed to the recent rise of the once-a-week grocery shopping expedition. The result has noticeably affected job opportunities for unskilled and semi-skilled women workers. In groceries and some variety stores there has been a switch to skeleton staffs and self-service facilities during the week, supplemented by large part-time and week-end staffs. The introduction of laundromats has also affected the demand for labour in laundries.





### 3. Structural maladjustments in industry

A third significant long-run trend that has important implications for economic policy are the changes going on in certain industries that are destroying established market and price relations and causing serious maladjustments in the industries. These changes are giving rise to economic situations that, in the interests of a better allocation of resources, require corrections. In many cases they are also giving rise to human difficulties for which assistance should be offered during the process of readjustment.

Examples of these changes can be found throughout Canada. They are seen in the Canadian coal industry where the product is being displaced from its market for reasons of price and inferior physical characteristics. They are also seen in the railway industry with the shift to non-rail forms of transportation. The loss of passenger traffic and high-value freight has cut sales and created serious pricing problems. In Saskatchewan the kind of structural maladjustment we are talking about is reflected in the agricultural "cost-price squeeze" - that is in the growing divergence of the price farmers receive for their produce and the price they pay for the goods and services that enter into their costs of production. Table 16 describes what has happened to this cost-price relationship in the past decade.

The effect that the cost-price squeeze and continuing low income levels is having on farm implement sales and consequently on the farm implement industry in Eastern Canada is illustrated in Table 17.



Table 16  
Index Numbers of Farm Costs and Prices  
(1935-39 = 100)

<u>Year</u>	<u>Farm Prices of Agricultural Products, Saskatchewan</u>	<u>Farm Costs Excluding Living Costs<sup>1/</sup></u>
1950	251.5	207.0
1951	268.7	225.5
1952	245.9	238.6
1953	228.7	237.3
1954	208.7	235.7
1955	203.5	234.7
1956	208.5	243.3
1957	201.6	251.0
1958	214.5	257.5
1959	218.5 <sup>2/</sup>	265.8
1960	216.4 <sup>2/</sup>	271.3

Source: Dominion Bureau of Statistics.

<sup>1/</sup> Includes equipment and materials, taxes, interest rates and farm wage rates.

<sup>2/</sup> Based on estimated interim and final prices for grains.

Table 17  
Sale of New Farm Implements and Current Values of  
Implements and Machinery, Saskatchewan, 1950-1960

<u>Year</u>	<u>New Implement Sales</u> (\$000,000)	<u>Current Values of</u> <u>Implements and Machinery</u> (\$000,000)
1950	62.6	449.6
1951	61.1	525.6
1952	75.9	542.4
1953	80.3	575.2
1954	37.4	609.9
1955	32.4	588.4
1956	40.7	564.1
1957	32.1	551.7
1958	36.9	530.2
1959	50.5	516.9
1960	54.4	





Since there is little likelihood that prices on the foreign markets will increase or that costs of production will decrease the long-run expectation is that the spread between costs and prices will continue to grow and work increasing hardships on the Saskatchewan farmer. As more efficient combinations of land labour and capital emerge from the adjustments to technological change that are taking place the impact of the cost-price squeeze may be fractionally eased. But unless the necessary economic adjustment proceeds more rapidly and completely than it has, the results will be negligible. We believe this is one problem that must be tackled directly by government and not left to the brutal play of free market forces. On the one hand some system of price support is necessary; on the other steps must be taken to reduce farm costs, particularly the costs of farm machinery and supplies.

#### 4. Human prejudice and the disadvantaged groups

Our review of the long-run problems facing Saskatchewan's manpower development would be incomplete if it did not mention the under-utilization or under-employment of groups of workers who for a variety of reasons, of which the prejudice of employers is not the least important, have been excluded from their rightful place in the labour force. We have in mind such groups as Indians, the older worker, the physically handicapped. In the past society has tolerated their exclusion from the labour force because of an indifference to the human problem involved and an unawareness of its costs. This situation is rapidly coming to an end and governments are facing mounting pressure to break the inhuman and costly habits of the past.

People are living and maintaining their capacity to work, longer. The physically handicapped are capable of performing highly skilled work. It is a sad comment on our social behaviour and institutions that we have to repeatedly affirm our belief that Indians are every bit as capable as non-Indians, opportunities being equal. The deterioration that goes on in the body and spirit of these people, as in all unemployed and under-



employed, when they are denied productive work is not only economically wasteful but tragic. This can no longer be ignored. Any program for the development and utilization of Canada's manpower resources must recognize that these groups are an integral part of the total national labour force and that their problems are every bit as real and urgent as the problems of any other group.

B. Short-Run Factors

What we have been describing are the economic factors that have been operating steadily over fairly long periods of time. In addition to these, however, there are factors whose effects are felt periodically over shorter time periods - either over the space of a few years as in the case of "the business cycle", or during the course of a single year as in the case of seasonal fluctuations.

1. The business cycle

Saskatchewan, because it has less secondary industry, is not as directly affected by the business cycle as is Canada as a whole. But indirectly, insofar as the cycle influences the total Canadian demand for our primary output our economy is very much affected. And as the Saskatchewan economy grows less dependent on agriculture it becomes more sensitive and vulnerable to national economic forces that affect business activity generally.

The pattern of unemployment in Saskatchewan as we noted earlier (see chart on page 17) has conformed to the national pattern<sup>1/</sup> and does reveal a clearly cyclical behaviour in Saskatchewan. Unfortunately we lack data which will help us assess the nature of the problem. The situation is no doubt very complex but in all probability it is dominated by the fluctuations in the construction industry, one of the most sensitive to the cycle.

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<sup>1/</sup> It will be recalled that the provincial and national patterns are described by different measures; the former by unplaced applicant data, the only data available, the latter by a sample survey of the labour force.



We do not wish to underestimate the importance of the problem of cycles but we would like to suggest that a good deal of the evidence contained in studies prepared for the Committee indicates that the longer-run forces are having a greater impact on our economy. The studies suggest that recessions have come closer together and the recoveries have been progressively weaker. One of the most disturbing features is that the hard core of unemployment has grown larger with each succeeding cycle, both in absolute numbers and as a proportion of the labour force. Those laid off during the recession are not re-hired during the recovery. This clearly indicates a secular, not a cyclical, problem. Concern with the cycle should not blind us to the more fundamental issues.

## 2. Seasonality

Seasonal fluctuation in economic activity is another factor which affects the stability of employment and income in Saskatchewan as it does in other parts of Canada. And to the extent that it results in a less than optimum use of our manpower resources and skills, it presents a problem. The nature and extent of the problem in Saskatchewan are impossible to measure because of the lack of data. However, the prairie region is third among the five regions in order of severity of the seasonal problem, and it is probable that this represents the situation in Saskatchewan.

Table 18

Percentage of Labour Force Unemployed in Summer  
and Winter, Canada and Five Regions  
(1954-59 average)

<u>Region</u>	<u>Unemployed in Summer</u>	<u>Unemployed in Winter</u>	<u>Change</u>
Atlantic	4.0	13.4	9.4
Quebec	4.0	10.6	6.6
Ontario	2.5	5.1	2.6
Prairie	1.2	5.1	3.9
Pacific	3.2	7.0	3.8
Canada	2.9	7.6	4.7

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Source: D.B.S. Labour Force Survey.





Most of the seasonal unemployment in Saskatchewan has been associated with construction and transportation, which in turn is affected by construction activity, according to a recent Canadian Department of Labour publication.<sup>1/</sup> The report goes on to say:

"The amount of seasonal unemployment which originates in agriculture is not as large as the seasonal swings would indicate. The reason for this is that the expansion which takes place in agricultural employment during the summer is made up largely of unpaid family workers, students and other part-time workers who are not available for full-time work for the rest of the year." (page 3).

The impact of seasonal swings falls mostly on male occupations and appears to affect unskilled men more than any other group. Skilled men in a number of industries related to the construction industry also are affected. In Saskatchewan, employment in cement plants, brick manufacturing, sheet and fabricated steel products and the transportation industry is seasonally unstable. Food processing industries, particularly meat packing are also affected.<sup>2/</sup>

The problem has not yet been adequately tackled. The Municipal Winter Works and Recreation Development programs, however useful they are, do not appear to be able to substantially solve the problem. Using unplaced applicant data we estimate for Saskatchewan that time lost due to seasonal unemployment in the winters of 1959-60 and 1960-61 was just under one million man-days.<sup>3/</sup> Under the Municipal Winter Works program, about 150,000 man-days work were provided in 1959-60 and about 25,000 to 30,000 by the Recreation Development program. This is less than one-fifth of the total need.

Moreover, it is doubtful whether these programs can be expanded to have a major effect on winter unemployment. Municipal governments alone can absorb only a small amount of unemployed workers in their construction

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<sup>1/</sup> Seasonal Unemployment in Canada, Canada Department of Labour, Queen's Printer, 1960.

<sup>2/</sup> Monthly Summary of Employment Conditions, Prairie Region, N.E.S.

<sup>3/</sup> Estimates were arrived at by subtracting the monthly seasonally adjusted number of unplaced applicants from the actual number during the winter season and multiplying the remainder by 20.



programs. Also, there is a limit to the number of projects a municipality can undertake, even with shared-cost incentives, over and above their regular workloads. The additional costs and high interest rates municipalities have to pay in many cases are too much for them to carry. But to the extent that the programs assist municipalities in diverting to the winter, work that would otherwise be done in the summer, and thereby encourage the more stable and more efficient use of skills and trades that would have to seek other jobs, they do make a useful contribution. It is questionable, however, whether in view of the kind of construction work municipalities do and the nature of the labour force affected by winter work programs that the impact is very great in Saskatchewan.

There is danger in attempting to tackle the problem of seasonality apart from the general problem of unemployment. Smoothing out seasonal fluctuations in itself will not create additional jobs which is the basic need. It will, however, provide more stable employment and by encouraging a more permanent allocation of labour to jobs result in a more efficient use of manpower resources. Where more permanent employment displaces seasonal workers, alternative jobs will have to be created by other means. This is not to underestimate the importance of anti-seasonal programs. It does suggest that their effectiveness is limited, and that we should not look to them to increase the total number of jobs which is the major task we must accomplish.





#### IV. A MANPOWER AND EMPLOYMENT POLICY FOR CANADA

In the preceding section we set out some of the more important barriers to the full and best use of our manpower resources. We outlined the effect of limited domestic and foreign demand for our output, the long-run results of technological change and structural maladjustments taking place in industry and some of the short-run and non-economic problems. This is by no means an exhaustive inventory of our difficulties but it represents some of the more important national issues that are reflected in the Saskatchewan scene.

In this section we turn to a consideration of the manpower and employment policies that are necessary if we are to solve these economic problems. We also consider the responsibility government must accept for them and for the general economic welfare of the nation. In discussing manpower policy we must be aware that it cannot be discussed in isolation from the general social and economic policy of Canada. In effect manpower is only one aspect or dimension of the more general social and economic situation we face at any time. Also, we cannot discuss it apart from its impact on all parts of the nation. Our economy is a single functional entity. We have divided responsibility for influencing its behaviour between levels of government but we have not thereby stopped any act at any level having repercussions through the whole organism.

The responsibility of government for guiding the economic affairs of the nation is indisputable. The operation of the private market, in our view, has not brought about an acceptable rate of growth, allocation of resources or distribution of income nor is it likely that it ever can. Government alone has the democratic authority and the power to reconcile divergent interests, balance unequal powers in the market place and stabilize economic activity. It is both unrealistic and irresponsible to deny that these things must be done and that they can be done other than by government.



We believe Canada's social and economic policy as it affects our manpower resources must be directed toward the achievement of at least three basic goals which are part of a fundamental democratic philosophy.

1. The first goal is to achieve a rate of economic growth necessary to maximize national output and to make productive work available to all persons who seek it. We are not convinced that this goal can be attained only at the cost of substantial price inflation. On the contrary we believe that with appropriate monetary and fiscal policies full employment and relatively stable price levels are possible. We recognize that ill effects result from even modest price increases but these can be compensated in a variety of ways. We suggest, therefore, that our dedication to the goal of full employment need not be qualified by an undue concern for inflation, and we suggest further that if we must choose between long-run price increases and the kind of unemployment we are even now experiencing there should be no doubt but that we choose the former.

2. We believe the availability of jobs alone should not define our manpower objectives. We must also provide the opportunity and the facilities for the fullest development of the individual not only in order to achieve the greatest national output but in order that he, as an individual, may realize his maximum potential.

3. Individuals and groups should not be made to bear, solely on their own, the costs and burdens of technological advance and economic progress. We question the value of such progress when it occasions serious hardships for large sections of the labour force. We believe that society should, and that the economy can, provide full compensation to those who are displaced, through such measures as income payments, retraining and placement in alternative employment.

This statement would be incomplete if it did not recognize that there are other goals of economic policy that may not relate as directly to manpower policy but with which manpower policy must be made consistent.



We have in mind such things as the more equitable distribution of the national income and improvements in its quality - i.e., improvements in the kind of goods and services that are produced and in the allocation of our productive resources as between different uses. In framing manpower and employment policies these objectives must also be kept in mind.

It is obvious that to achieve these goals will require an elaborate complex of economic programs of many kinds and at many levels. Policies will have to be developed to increase and improve the aggregate supply of goods and services and to create a commensurate aggregate demand for these goods and services. This will require the greater use of monetary and fiscal measures than has been our practice in Canada. This is one of the basic reasons why we deeply regret the decision of the Federal Government to weaken considerably its fiscal powers by altering the basis of the tax-sharing arrangements.

On the supply side there is a wide range of measures to improve our productivity by upgrading the quality of our plant and equipment as well as of our labour force, and to facilitate the allocation of these resources to their best uses by assisting and encouraging their mobility. In periods of full employment of our productive capacity, measures to increase capacity as well would have to be added. We must consider, for example, the use of educational and training programs for increasing the skills and knowledge of the labour force and of financial help and re-employment services to encourage labour to change jobs and even locations when necessary; ways of increasing managerial skills and methods; measures to encourage improvements in plant and equipment and to direct its investment in certain industries and regions; measures to assist structural readjustments in certain industries, to eliminate the abuse of private market power and to facilitate the transfer of capital from less to more productive uses, ways to stimulate invention and technological innovation through pure and applied research. Each of these programs, in turn, has its own array





of specific techniques, from outright grants to monetary and fiscal inducements to revisions in tariff policy to direct government services and the establishment of such bodies as the National Productivity Council.

On the demand side there is an equally long list of ways to stimulate the components of aggregate demand: the stimulation of consumer expenditures through tax revisions, transfer payments, consumer credit policy and higher incomes through increases in labour productivity; the stimulation of export demand through long-term loans and barter arrangements, export credit, revision of tariff restrictions, controls over the exchange value of the Canadian dollar, incentives to enter, and improve productivity in, export industries; the enlargement of government expenditures through increased social capital accumulation and the public provision of goods and services; the stimulation of investment expenditures through general and selective measures. Each of these programs, as well, has a wide array of economic instruments which can be used to achieve these results.

Obviously no brief can deal with all of these economic programs and techniques, their implications and ramifications. This requires continuous study and analysis. In this section, therefore, we can do no more than mention only those policies and programs we believe to be the most effective and desirable.

But governments need more than mere economic instruments to act effectively. These instruments must be selected, co-ordinated and applied in some rational systematic way to achieve the stated goals. They must be constantly tested and revised in the light of experience. The goals themselves must be constantly assessed and kept free from private interest and special privilege. This, in effect, is the substance of economic planning and if governments are to accept their responsibility and to discharge it efficiently it is an approach to which they must commit themselves. This has been widely recognized in Europe. It is gaining increasing acceptance on this continent.



Further, because responsibility is divided between levels of government, economic planning must go on in both the federal and provincial spheres of jurisdiction. In Canada because of the federal nature of the state a great deal of emphasis must be placed on the co-ordination of federal and provincial economic planning both with respect to the government's own activities and its guidance of the economy as a whole. To say this is not to suggest that the roles of both levels of government are equal. Each has a distinctive contribution to make; but the superior constitutional authority and economic power of the Federal Government necessarily vests it with the major role and gives it greater opportunity for leadership.

With these goals and methods of economic planning in mind, we now turn to a discussion of the specific policies and programs we feel should be drawn to the attention of the Committee.

#### A. Economic Policies

A great deal of emphasis has been placed on the low rate of economic growth of the Canadian economy in recent years. Not only has it been falling in the cyclical downswings but the fact that it has not improved a great deal during the recovery has been pointed to as evidence of secular weaknesses that require some basic long-run solutions. And since the rate of growth is one of the major determinants of the level of employment, it must form the focus of our primary concern.

The rate of growth must obviously be great enough to absorb both the natural increase in the labour force and the numbers of workers who have been displaced by technological change and automation. But having achieved this goal the rate of growth should be viewed in a wider perspective. Growth ought not to become an end in itself, an object of blind worship. On the one hand we must be aware that a high rate of growth is achieved at the cost of sacrificed consumption and leisure and some social capital. On the other hand it is only with a high rate of growth that we can satisfy our many unmet needs, extend our assistance to





the deprived and hungry nations of the world and meet the costs involved in efforts to preserve our national identity. We are not implying that these choices are important issues today; rather we are suggesting that at all times it should be the purposes of economic growth rather than growth itself that should shape our thinking and guide our actions. There is no doubt in our minds that in the context of the current problems of unused capacity and unemployment we must act boldly in a number of areas to stimulate demand and achieve a higher rate of growth.

1. Measures to increase consumer demand

The stimulation of consumer demand is usually thought of as being a short-run policy to compensate for the cyclical swings of the economy. No doubt this is one of the most effective of the short-run approaches because its results are felt almost immediately. But we suggest it can also have an important long-run impact. The decline in the rate of population growth and family formation is often pointed to as one of the contributors to long-run decline in our rate of growth. It seems to us that the vast areas of unmet need among the low income groups present a huge potential segment of demand that can provide an effective alternative stimulus to growth. We believe consequently that a number of steps should be taken to increase consumer purchasing power particularly among the low income groups.

The most important of these steps is to increase the levels of income among the lower income groups. Since low productivity is the primary cause of low income we suggest it is important to concentrate on increasing labour productivity both through technological innovation and capital investment and through the training of the labour force. The productivity of our economy is one of the most important factors we must deal with today; it affects virtually every aspect of our economy. No issue affecting our long-term growth deserves greater attention and more will be said later on this question. At this point we wish to emphasize its significance for raising the income levels of the low wage and salary earners in Canada.



A second important step is tax relief to the low income groups. We believe that our income tax exemptions should be raised to realize the high consumption potential of the low income groups. This recommendation need not be laboured unduly; it has almost universal acceptance. In Canada groups as diverse as the Canadian Labour Congress and the Canadian Chamber of Commerce have recently advocated such a measure.

Third, we believe our transfer payment programs should be substantially revised. Here too this step is being advocated for reasons of both its long-term as well as short-term impact. Programs of this kind - the so-called "built-in stabilizers" - are widely acknowledged as important techniques for supporting purchasing power and reducing fluctuations in economic activity. There are a number of ways in which these important techniques can be developed. We do not intend to elaborate on them here but wish to point out to the Committee the kinds of things that can and should be done in the interests of economic growth and stability.

We suggest that the level of payments provided by existing programs should be increased so that they offer recipients more income, relative to average incomes, than they now do. We suggest further that these programs should recognize the mild inflationary pressure our economy is subject to and payments should be tied to an appropriate price index. We believe that in addition to existing programs there are many areas where new programs are needed for reasons of human welfare as well as their desirable economic consequences - e.g., to mention only two, retirement programs with benefits related to income earned during working life, and protection against loss of income due to sickness and accident not covered by workman's compensation.

Recently a great deal of public attention and criticism has been directed toward our unemployment insurance program. The substance of the criticism is that many people are drawing unemployment insurance



benefits who either were not eligible for them or who did not "need" them because of other sources of income. We do not intend to argue the validity of these criticisms at this time. However we do wish to express our concern at the misdirected emphasis they seem to have occasioned. If the law is being violated or the program is being abused steps should be taken to correct the situation. But we find it deeply distressing that at least as great attention has not been given to a far greater problem - the very low rates paid to unemployed persons. An indication of the rates paid in the 12-month period ending in September 1960 is set out in Table 19. The table reports the weekly income received by workers who qualified for unemployment insurance benefits during the 12-month period ending September 1960. Workers with dependents are shown separately from those without dependents. The table shows that in about 583,000 cases, or over 50 per cent of the total, benefits of \$24 or less per week were received. We think it is unreasonable to expect individuals and families to live at this level of income. We strongly recommend that unemployment insurance benefits be increased substantially even if this means a much larger subsidy by government.

Table 19

Weekly Rates Paid to Unemployment Insurance Beneficiaries  
By Dependency Status and Sex, Canada, 12 Months Ended September, 1960

	<u>Total</u>	<u>Male</u>	<u>Female</u>
<u>With Dependents</u>	541,351	523,039	18,312
\$15 or less	6,484	3,927	2,557
Over \$15 to \$24	58,132	50,428	7,704
Over \$24 to \$30	244,500	238,496	6,004
Over \$30 to \$36	182,229	180,188	2,041
<u>Without Dependents</u>	603,734	353,806	249,928
\$15 or less	190,043	52,946	137,097
Over \$15 to \$24	328,181	225,012	103,169
Over \$24 to \$30	85,480	75,818	9,662

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Source: D.B.S. Special Quarterly Tabulation on Benefit Periods Established Under the Unemployment Insurance Act.





A fourth area where action is necessary is farm income. Farm income is a sufficiently large factor affecting total demand, particularly in Saskatchewan, and poses sufficiently different kinds of problems to warrant separate discussion. Not only does the welfare of agriculture depend on a high level of demand for foodstuffs in Canada as a whole, but the nation's other industries, particularly the manufacturing and service industries, are very much affected by the levels of farm income. Farm income and spending is no less important a part of the underpinning of economic activity than any other income segment and farm policy will affect not only our agricultural manpower but the whole of our labour force.

There is another consideration we wish to place before the Committee. This is important not only in order to stimulate aggregate domestic demand as the foregoing was, but is also an important component of the long-run solution to our farm problem. It should be judged in the light of both purposes.

The level of farm income is subject to other forces than those which affect the level of wages and salaries. Ignoring markets for the moment, farm revenues are determined in highly competitive markets where the long-run trend is for prices to decline. Farm costs, on the other hand, are determined in markets where imperfect competition and administered prices prevail. As we noted earlier this is one of agriculture's chronic problems. For this reason the Government of Saskatchewan has long argued that the Federal Government must intervene more actively in the market to raise income in the industry. We recommend now as we have in the past that the Federal Government adopt a program of price supports to farmers which will assure them some reasonable level of parity of income. We recognize that a price support program involves a large number of complex issues but we believe it is entirely feasible through the technique of deficiency payments based on farm units of reasonable size and productivity, to free farmers from the losing battle against superior adverse market forces.



This may not have to be a permanent feature of our farm policy. Possibly after the industry has been able to complete a satisfactory economic adjustment, support of this kind will no longer be necessary. For the present and the whole of the transitional period, however, it is vital.

We also wish to draw to the attention of the Committee the need to bring about reductions in farm costs. We believe, for example, that effective action can be taken through a reorganization and rationalization of both the production end and the distribution end of the farm implement industry to reduce costs to farmers. These suggestions are elaborated in our brief to the House of Commons Committee on Agriculture and Colonization on Farm Machinery Prices. We think parallel efforts should go on in the attempt to reduce costs of other major items in farm expenditure such as fertilizers and chemicals. A beginning in this direction should be made with a thorough study of other industries whose products enter into farm costs of production, just as the farm implement industry is now being studied.

There is one other major area affecting domestic consumption we wish to comment on. We believe there are certain kinds of goods and services that individuals either cannot provide for themselves or that can be better provided on a community basis. Here we have in mind such things as certain kinds of housing, recreation, health care, community planning and the whole range of social capital expenditure. From time to time we hear, for example, of the housing market being saturated. Yet at these times we cannot claim that we are an adequately housed nation. The low income groups have not been able to meet their housing needs out of their own resources. The same can be said about many other human needs. All of these areas are important potential stimuli to economic growth and represent needed improvements in the quality and distribution of our national wealth.





In suggesting the community consumption approach we are not saying that the state is a better judge of what people want than the individuals themselves. On the contrary we believe that one of the cardinal principles of a democratic society is the sovereignty of consumer choice based on informed and rational judgement, and we believe that our economic policies must support this principle. Rather we are suggesting that there are vast areas of want in which individual preferences cannot be made effective by individual action, that the satisfaction of these wants is vital for improving the quality of our national income - that is improving the uses to which we put our resources and productive capacity - and that government has a role to play in assisting the satisfaction of these wants. This is not unwarranted paternalism; it is public responsibility. In seeking to expand consumer demand as a stimulus to economic activity we must be aware of the alternative kinds of expenditures that can be stimulated and their effect on our social and cultural life as well as their economic effects. Our decisions affecting manpower and employment cannot be made in isolation. They must be made consistent with our wider social objectives.

Community consumption is one of the approaches which has not received nearly the emphasis and use in Canada it deserves. As an economic technique for stimulating demand, as a means of satisfying human want, of allocating productive resources more intelligently and of improving the quality of our national income, it has unparalleled potential. We are all aware that there is a great deal of prejudice against this kind of economic direction and want satisfaction. We suggest that this prejudice is based on obsolete and unrealistic notions of the individual, his power in the free market and his relation to the state. We earnestly urge the Committee to consider this approach, objectively, on its own merits.

## 2. Measures to enlarge foreign markets and facilitate trade

Earlier we noted that if Canada is to look to expanding its exports as a major impetus to economic growth, it will have to adopt entirely



new approaches to its foreign trade. The economic recovery and technological advance of Europe and the emergence of world trading blocs are resulting in basic structural changes in our traditional trading relationship and are threatening the position we have occupied in the post-war period. If we are not to be gradually squeezed out of foreign markets we suggest that policies which recognize these facts must be followed.

Solutions must be sought in a variety of approaches. To suggest them is not to propose anything startlingly new but merely to ask that Canada now do what its competitors have been doing for some time. Basically we must move in the following directions: facilitating the exchange of goods through such things as more liberal credit and barter arrangements and fewer restrictions on imports; assisting economic growth in underdeveloped nations in order to expand the markets for Canadian goods; working towards freer trade; and improving the productivity of our own export industries in order to increase their ability to compete in foreign markets.

We suggest the first approach on the grounds that it is to our mutual advantage to exchange with other countries what each can produce most efficiently, and that we are not now doing all we can to exploit this situation. India, for example, now requires markets for her cotton textiles and vegetable oils. According to the International Bank for Reconstruction and Development she will always have to import wheat, copper, zinc, tin, lead, cobalt, sulphur and petroleum products.<sup>1/</sup> The first three of these are of great importance to Saskatchewan and are commodities Canada can supply if we first open our markets to Indian products. There are also products which India is importing now from other countries under special credit and barter arrangements in which she will not be self-supporting for another decade or two. These include

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<sup>1/</sup> Source: The World Bank in Asia, International Bank for Reconstruction and Development, Washington, 1960.



fertilizer, machine tools, heavy machinery, industrial electrical equipment, chemicals, dyes and pharmaceutical products.<sup>1/</sup> These are markets in which we should be able to share to a greater extent than we now do.

India is only one example of what are general developments in those countries which hold the greatest long-term promise for our export trade. Many potential customers are today buying mainly from countries which have helped them finance their purchases. Canada can to her own advantage copy what is normal practice in other exporting countries. At the present time, for example, we are the only exporting nation which does not offer barter deals. If we were prepared to use these various aids to trade widely we believe we could substantially increase our foreign exports.

In addition to increasing direct and immediate sales such steps would have long-run advantages. A large part of the purchases made by underdeveloped countries would be used to speed their economic growth. This in turn would increase demand for additional Canadian exports. One of the studies prepared for the Royal Commission on Canada's Economic Prospects expresses it in this way:

"If aid on an acceptable basis were increased, it would mean that economic development could proceed more rapidly and that exporting countries, including Canada, would gain both from the ultimate increase in the buying power of the underdeveloped countries and through helping to supply the needs of their development programs."<sup>2/</sup>

It is obviously in Canada's ultimate self-interest to explore the needs of the underdeveloped countries and offer them the kinds of assistance they require for their economic development. Vastly increased assistance to underdeveloped countries through the Colombo Plan and the United Nations is one of the first specific steps we would recommend.

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<sup>1/</sup> Source: The New India, Indian Government Planning Commission, 1958.

<sup>2/</sup> The Future of Canada's Export Trade, R. V. Anderson, Royal Commission on Canada's Economic Prospects, Ottawa, Queen's Printer, 1957, p. 94.





In addition to facilitating foreign purchases of our exports we believe Canada must work toward the establishment of freer trade areas. We are convinced, for example, that the economic interests of Canada will be better served by the development of an Atlantic Free Trade Area than by a continuation of the existing structures of tariffs and protection. This suggestion immediately raises a host of problems but we believe on balance that with a protectionist policy we lose a great deal more than we gain. Our conviction is based on a number of considerations.

The cost of protection in the form of higher prices to the consumer is probably no longer disputed. Various estimates have been made from time to time and they are all substantial.<sup>1/</sup> In addition to this, tariffs have the general effect of misallocating our resources to the extent that they favour the weaker protected industries against potentially stronger ones which would be established in the absence of protection - primarily those industries for whose products the domestic Canadian market is too small. Further, Canadian protectionism, insofar as it is accompanied by barriers against our exports, seriously reduces the size of foreign markets available to us. For Saskatchewan, which is heavily dependent on foreign sales of wheat and other primary commodities and which exports about 50 per cent of its total commodity output, this is serious.

On the other hand, we believe greater freedom in foreign trading will enhance our productivity and direct our resources to more efficient uses. It would help remove the limiting factor of small scale operations which has prevented the development, for example, of secondary manufactures for export to the United States. We note again that the new markets opened

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<sup>1/</sup> See, for example, J. H. Young, Canadian Commercial Policy, Royal Commission on Canada's Economic Prospects, 1957. The cost of the Canadian tariff in 1954 was estimated to be between \$610 and \$753 millions (p. 72).



to Canadian industry by this move is much larger than the one opened in Canada for U.S. output.<sup>1/</sup> The report prepared for the Gordon Commission mentioned earlier notes that with the removal of tariffs more normal trading relations can be established and fuller advantage taken of the benefits of the international division of labour.<sup>2/</sup>

In summary, the distortion in our industrial structure, the reduction in our standard of living and the inferior use of our productive capacity occasioned by a protectionist policy, cause us to be alarmed at the evidence of growing protectionism in Canada and lead us to advocate a policy of freer trade which ultimately, we believe, should be institutionalized in an Atlantic Free Trade Area. If there are any benefits that now result from protectionism we are convinced that they can be achieved by other and more appropriate means.

In any move towards free trade certain individuals and industries will be hurt. In this case we repeat the principle we stated earlier - that no individuals or groups should be made to suffer because of the economic adjustments that are necessary in the interests of the economic betterment of the nation. We believe that such things as the timing of change to coincide with periods of economic expansion when the shifts of resources and other adjustments are easier, the retraining and re-employment of displaced workers and possibly some forms of compensation could considerably ease the transition. We do not believe that the dislocations that are inevitable should cause an abandonment of the goal. This would make our behaviour unwarrantedly rigid.

When we say that freer trade arrangements will result in net gains to Canada we are in essence implying that if Canada does not already possess natural competitive advantages in an international market she can develop her skills and productive capacity so as to achieve them. This

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<sup>1/</sup> The Final Report of the Royal Commission on Canada's Economic Prospects, 1957, (p. 235) notes that the U.S. market for products of Canadian secondary industry is in physical terms 18 to 19 times as large as the Canadian market.

<sup>2/</sup> The Future of Canada's Export Trade, R. V. Anderson, Royal Commission on Canada's Economic Prospects, Ottawa, 1957, p. 5.





we recognize will place a great premium on developing Canada's productivity, for if our natural advantage lies anywhere it is in capital-intensive production based on our natural resources and in a highly skilled labour force. We believe our nation's productivity is a vital factor in our foreign trade and must receive a great deal more attention than we have given it. While the recent establishment of a National Productivity Council is a most welcome development we suggest that perhaps more might be done than is covered by the Council's terms of reference. We are, for example, impressed with the kind of work being done in Europe in this regard, particularly in Sweden, and suggest that we might learn some lessons from the countries of Western Europe.

### 3. Stimulation of investment demand

The "multiplier" and "accelerator" effects are sufficiently important economic phenomena to justify special measures to stimulate investment demand. We should, of course, be aware that in periods of recession a great deal of unused capacity exists and general measures to increase investment may result in adding to capacity that is already idle. We suggest, therefore, that inducements to invest, like other economic techniques, must be used selectively. But apart from this qualification we suggest that because of the "multiplied" employment and income that investment spending generates, considerable priority should be attached to this aspect of economic activity. We think measures should be applied in at least four areas.

To begin with, we believe that the best incentives to investment are high levels of consumer and foreign demand. This should be a basic element in any investment policy. But special inducements are often necessary to bring about investment which could not otherwise take place. We have in mind, for example, some of Canada's depressed regions and industries. In Saskatchewan, as we noted earlier, if we are to retain our growing labour force secondary industries will have to be developed.



In these cases monetary inducements in the form of low interest rates and adequate supplies of needed capital, fiscal incentives in the form of tax concessions, depreciation allowances, and direct loans are needed. It may also be necessary to develop our national policies with respect, for example, to transportation and resource development in the light of the requirements of regional development and integrate them into a co-ordinated national plan. It is difficult to generalize about the use of any specific technique, since each situation will require its own solution. But the need for these inducements and for co-ordinated national policies, and their effectiveness, should be under constant study and should be continuously used as instruments of public policy. We suggest here that a great deal can be learned from the experience of European countries who have been using these techniques extensively and effectively throughout the post-war period (see footnote on page 65).

Second, in addition to action in the private sector, public investment expenditure can stimulate total investment demand enormously. Social capital expenditures by all levels of government in such things as roads and schools, resource development, conservation programs, and similar programs have tremendous potential for meeting the ends of social and economic policy. The substance of the justification we presented earlier for government expenditure on community consumption applies equally here and there is no need to repeat it now.

However we wish here to emphasize the importance of provincial and municipal construction projects in the total complex of social capital programs both for the social development of local communities and for its employment-creating effects. In the past we have constantly reiterated our recommendation for measures to assist municipalities carry out such projects and have urged the adoption of policies to make capital available to them at low rates of interest. We repeat the need for such measures.



We would like to make it clear that we attach a great deal of importance to government investment expenditure and urge the Committee to consider its more extensive use as a vital component of public policy.

A third significant stimulus to investment demand has already been referred to: namely, assistance to the economic growth and industrialization of underdeveloped countries. We will not elaborate on this point beyond repeating, in the context of this section on investment demand, our conviction that there exists in these countries a great potential demand for our capital and consumer good output.

Fourth, we must mention the stimulus that investment spending derives from technological innovation. There is perhaps a greater significance to investment in new techniques and processes since it adds more, through enhanced productivity, to our national output. We urge that adequate importance be attached by the Committee in its deliberations to research of all kinds: pure and applied, in the physical and social sciences, by government and private agencies.

#### 4. Improvements in productivity

Reference has already been made to the importance of productivity in stimulating domestic demand for, and foreign sales of, Canadian output and its implications for the level of employment. Apart from these employment-creating effects, however, we must also look to improvements in productivity to help us achieve a better use of our manpower resources, to achieve structural improvement in certain industries and to increase our national product. While an increase in national output is a basic objective for our overall national economic policy the first two points are more relevant to the Committee's terms of reference, and it is these we discuss in this section. Although Saskatchewan and agriculture are used as our primary focus, we believe our experience is representative of a situation that is more general throughout Canada and that our recommendations have a wider application and validity.





Earlier we noted the lower levels of productivity in agriculture compared to other industries and the inability of the industry to retain its labour force. We also noted that the exodus of population from the farms was composed to a large extent of young adults seeking off-farm jobs who had not had the opportunity to acquire the skills needed to fill increasingly technical industrial jobs. These are the particular problems for which we require solutions in Saskatchewan. We are sure that our suggestions for action are relevant for other depressed industries and regions.

Basically two approaches are needed to cope with the situation. One is to improve the technical efficiency of the farm unit through better combination of the land, labour and capital inputs. The other is to facilitate the retraining for, and relocation in, alternative employment of the farm labour force which cannot find productive work on farms.

A good deal has been said about the farmer. It has received extensive treatment in the Report of the Saskatchewan Royal Commission on Agriculture and Rural Life and there is no need to burden the Committee with its elaboration now. We merely note for the record that such an approach must provide: programs for more effective utilization of land and more efficient production patterns designed to meet market demand; the provision of adequate low-interest, long-term credit supplemented by information and farm management consulting services to permit farmers to acquire economic units and needed stocks of capital equipment;<sup>1/</sup> and services to encourage the most efficient use of capital equipment, through, for example, the development of co-operative organizations.

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<sup>1/</sup> In spite of the availability of funds under the Farm Credit Act and the Farm Improvement Loans Act, farm needs for financing land and equipment purchases are not being fully met. In Saskatchewan additional credit is specially needed to finance the enlargement of undersized farms. Also many farmers, although they must finance land and equipment purchases at the same time, cannot borrow for the latter purpose under the F.I.L.A. unless they have paid off a good deal of their debt under the Farm Credit Act.



These measures have their counterparts in programs for other chronically depressed industries and other regions. Where it appears wise to bring industry to a depressed area or to support a depressed industry the European nations have used a wide variety of techniques to achieve these ends. They have provided inducements and assistance to industry to invest and to improve their technology. They have also assisted with the development of transportation, power and other facilities economists call "infra-structure". They have even participated in the structural reorganization of industry. We suggest here, too, that we in Canada can learn a great deal from the European experience in these matters that is directly relevant to our Canadian problems. But first we must be prepared to accept a more active role for government in the economic affairs and decisions of the nation.

The second kind of approach we require is programs to upgrade our labour force in order to satisfy the demand for increasingly skilled workers, and to retrain and relocate those workers who, for reasons of technological change, find themselves displaced from certain industries. If the various studies prepared for this Committee have revealed anything, they have shown the growing need of the economy for more highly trained and skilled workers, and the large proportion of the unemployed comprised by those who lack such training and skills. The Gordon Commission reports on this situation in their Report in these terms.

"The mechanization and growing capital intensity which will accompany the expansion of the secondary industry, together with the increasing complexity of the machinery and electronic regulating devices, will inevitably result in a continuing rise in the demand for labour with specialized skills and for trained management personnel . . . It is . . . essential to the welfare of this sector that these problems be resolved. Otherwise shortages in the supply of managers, engineers, and skilled technicians might prevent it from achieving as rapid a rate of growth as we predict for it."1/

We have also been very impressed with the evidence presented to the United States Joint Economic Committee on Employment, Growth and Price

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1/ Opus cit, p. 248.





Levels which constantly emphasized the enormous importance of education in economic growth.<sup>1/</sup> The Committee itself after summarizing its recommendations says:

"Of these recommendations, federal aid to education is the most important for raising the long-term rate of growth."<sup>2/</sup>

In view of the overwhelming weight of the evidence, we most strongly urge the Federal Government to greatly expand its program of assistance to technical education in Canada. Last year we were pleased to see the passage of the Technical and Vocational Training Assistance Act and commend the Federal Government for the improvements it contains over the old program. However we suggest that limiting the offer of 75 per cent assistance for capital expenditures on training facilities to a period which ends on April 1, 1963, misses the point. This clause may have been introduced to encourage construction during the current recession. We submit, however, that the program is far too important to be used merely as a counter-cyclical, employment-creating device. In the interests of providing Canada with the technical training facilities it desperately needs, we think this provision should be made a permanent feature of the Federal Government's contribution to technical education in Canada.

We also suggest that the Federal Government, because of its interest in improving inter-provincial mobility of labour and in the general improvement of national productivity, should push this program beyond its present limits. A great deal more can be done to extend the opportunities for vocational education and to improve more rapidly the quality of our labour force. We further urge, therefore, that the Federal Government

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<sup>1/</sup> Hearings before the Joint Committee on Employment, Growth and Price Levels, (particularly testimony of Professor W. W. Heller, p. 2990-2991) United States Government Printing Office, Washington, 1959.

<sup>2/</sup> Report of Joint Economic Committee, United States Government Printing Office, Washington, 1960.



provide the leadership and the additional financial help to the provinces needed to substantially expand the program. This is particularly important in the light of the Gordon Commission's observation that the use of apprenticeship training was declining while the importance of training in technical schools and institutes was rising.<sup>1/</sup>

It is programs of this kind, with facilities spread more widely throughout the province, that our economy needs to assist agriculture make its adjustment to technological change, and to retrain the young adults who must leave the industry. But retraining in itself is not sufficient. Above all, alternative job opportunities must be found. Further, in spite of the improvements that have taken place in communication, rural people are not fully informed about the job opportunities that do exist in urban centres. We suggest that it is also necessary to provide an information service of this kind. Moreover, because it is expensive for people to move from one location to another and because this cost might well be an effective deterrent to relocation, we also suggest that a system of relocation grants or allowances be developed. This need is recognized in the present Unemployment Insurance program,<sup>2/</sup> but unfortunately the program has not been developed.

We should stress that the suggestions we make are not only applicable to agriculture. It seems to us that they are relevant for all technologically displaced persons, economically and socially disadvantaged groups such as Indians and handicapped persons, and new entrants into the labour force from depressed areas, such as, for example, the "hereditary" unemployed discussed by Professor Fortin in his submission to the Committee on March 23. Each of these groups may require special auxiliary services, but basically programs of retraining and relocation are relevant for all of them.

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<sup>1/</sup> Opus cit, p. 267.

<sup>2/</sup> See Unemployment Insurance Regulations, sections 31 and 32.



The problem of the employment of the older worker and the restrictions imposed on labour mobility by the various employee pension schemes cannot be ignored in this discussion and deserve some mention, however brief. A great deal of work has been done in these two areas and we suggest to the Committee that it not ignore the many useful recommendations that have been put forth by those in the fields which deal with these problems.

5. Measures to counteract cycles and seasons

There remains one more problem area we wish to comment on - the impact of cyclical and seasonal swings in economic activity on levels of employment and on the efficiency with which we use our manpower resources.

The theory of counter-cyclical programming, as is well known, has been extensively developed over the past 25 years and has reached a high degree of sophistication. A good deal of this theory has in fact been used in planning and guiding the economic policies of many European countries. In Canada, on the other hand, apart from some changes in monetary policy and some use of investment in housing very little use has been made of the almost universally accepted tools to control the business cycle. Without wishing to over-emphasize the importance of counter-cyclical policies in Canada's economic development, we believe that this is one of the serious deficiencies in Canada's national economic policy.

Reports on European economies clearly reveal that the recent growth in production and employment, and their post-war stability can in large measure be attributed to government action and specifically to government guidance of private investment.<sup>1/</sup> We do not wish to recite the full range of policies pursued by the Western European nations, but suggest

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<sup>1/</sup> "The Post-War Business Cycle in Western Europe and the Role of Government Policy", by Angus Maddison, Banca Nazionale del Lavoro Quarterly Review, Rome, 1960; United Nations, World Economic Survey, 1959, New York, 1960.





that the techniques they use, such as tax incentives and direct controls to influence the level and direction of private investment, monetary and fiscal policy to stimulate demand and the supplying of capital directly by government are relevant for the problems facing Canada and should receive the serious consideration of the Committee. This is the first suggestion we wish to make for tackling the problem of cycles.

In addition to influencing the behaviour of the private sector, governments can take effective counter-cyclical action directly. We believe direct government action here as in the case of stimulating consumer and investment demand has a great deal of virtue because it can combine long and short-run goals and the wider social objectives of public policy along with the economic objectives.

During recessions, in the exercise of the responsibility for maintaining stability in the economy, governments are provided with the opportunity for developing basic public services, for upgrading the physical environment we live in, and for providing the kind of basic social plant and equipment we need to improve the quality of our national physical assets, goods and services. We have already commented on the importance of these services and need not comment on this aspect further. At the same time government programs can be speeded up or slowed down in keeping with the requirement of short-run counter-cyclical planning. This, of course, is one of the basic criteria a counter-cyclical tool must meet. Many government programs are ideally suited for this purpose. On all counts direct government action must be accorded the highest priority as an approach to combatting the effects of the business cycle. This is the second consideration we wish to leave with the Committee.

A great deal of study has been carried out in Canada on the effects of seasonal fluctuations on employment levels and on the seasonally unemployed. Their economic consequences have been measured in a number of ways. To these consequences we would like to add and emphasize another. Seasonal unemployment denies to the individual the opportunity to work at



his trade or to work at all throughout the year if he wishes. This violates one of the fundamental principles on which we suggest a national manpower policy must be based. Apart from the economic costs involved this alone would justify taking action to cope with the problem.

However useful winter works programs are, it is doubtful, as we noted earlier, whether they can do much to solve the problem of seasonal unemployment. We suggest that, in addition, various incentives to private industry should be offered to assist action on its part. Since winter work is usually more costly, tax incentives to offset the additional costs might appropriately be tried. Or such incentives might be used as a general inducement to any seasonal industry which can smooth out its seasonal pattern. Because changing technology can have a very great impact on the seasonality of production we also suggest that research into the technology of winter output be encouraged.

x                    x                    x                    x                    x                    x

The question is often asked whether government can afford to carry out the policies and programs we have suggested above. We believe that there has been ample demonstration in the past not only that they can but that they must. During World War II there was no question about our ability to finance the war effort. We faced a crisis and met it successfully. Now we face another crisis.

Today the stakes are potentially as great. The free world is fighting a cold war against dictatorship. If this struggle is not to end in a third and probably final war, or in the loss of the free world through economic and political means, it must be fought on all fronts. Perhaps the most important of these are the "economic" and "social" fronts. The need to finance these battles is urgent; the price for not doing so, which we have already begun to pay, is too great. The question is not whether government can afford to pay for these policies; rather, it is whether it can afford not to finance them.





Our efforts during the early part of World War II were, undoubtedly, financed by eliminating the waste resulting from the unused and misused economic resources of the thirties. Today we are experiencing a similar kind of waste and we believe a large part of the cost of the national and international policies we favour can be met by the fuller and more effective use of our present resources.

B. The Need for Economic and Social Planning

So far in this section we have been talking about economic goals and policies to achieve these goals. We have said nothing about the process of translating purpose into action, of moving from a clear recognition and definition of the problem to its solution. This is also a vital concern of government and must be looked at in any discussion of manpower and employment policy.

It is an over-simplification of the process of government to imply that the selection of economic policy is a straightforward matter and comes automatically. Between the stated goal and its ultimate realization lies an elaborate network of complicated economic judgements and decisions, based on sensitive observations and evaluations of the behaviour of the economy, and requiring the co-ordination and constant sharpening of many economic tools. There is a great deal we do not yet know about economic behaviour but which we must learn about to act effectively. To list an economic technique does not in itself suggest exactly when it should be used, or to what extent or in conjunction with what other techniques or what side effects to expect. This knowledge can come only with constant and systematic review of the results of its application. Initially the use of any particular technique is based on some concept of what it will do, but the actual results must be assessed empirically through disciplined objective study. This process is the substance of economic and social planning whose purpose, in its simplest terms, is to arrive at the best means for achieving stated goals.



We should be clear about what this method implies. First it implies an unequivocal statement of the goals of our economic policy. Governments now have and cannot avoid responsibility for the economic functioning of the nation. With the progressive disappearance of the "free" market mechanism, if it ever effectively existed in the real world, the notion of the sanctity of this regulator and faith in its ability to maintain high levels and to direct economic activity, allocate resources intelligently and distribute wealth in the best of all possible ways must be abandoned. In spite of our apparent affluence there is a tragic amount of waste and vast areas of unmet need amongst, for example, the unskilled, the aged and many other groups in our society. A good deal of the difficulty has resulted from the fact that the "free" market mechanism has not been able to do successfully the things that are claimed for it. Governments have had to step in to compensate for its failure. This has been almost universally recognized. It was the premise on which the United States Employment Act of 1946 was brought into being. It underlay the White Paper on Employment and Income of 1945 - Canada's blueprint for the new post-war period.

We suggest because government has this responsibility its actions inevitably must be based on some concept of economic goals. If this is so, these goals must be made as explicit and as clear as possible. We suggest this in the interests of rational and efficient action, for it is obvious that the less explicit and the less precise our goals actually are, the more difficult they will be to achieve.

Second, economic planning implies that governments must be responsive and receptive to new policies and programs and must be prepared to judge them on their own merit rather by the extent to which they conform with established practice. The more hidebound we are by old and obsolete habits of thought and action the less imaginative and creative and, therefore, the less successful will we be in finding the solutions we seek.



Thirdly, economic planning implies a great deal more competent research into and discussion of economic policies and programs and the recognition of the relevance of this research and discussion for public policy formulation. This suggests that the requirements of the economy, defined in the light of our economic goals by our accumulating economic knowledge and wisdom, rather than private interest or special privilege, must determine the courses we follow.

It appears to us, therefore, that the issue we face is not whether we shall espouse economic planning or not. Since government, by the nature of its responsibility is already involved in economic planning, the issue is whether we shall adopt sound and deliberate methods of economic planning or continue to stumble and flounder as we have in the past and suffer the consequences we are now experiencing.

There is nothing revolutionary in what we have said. The need for economic planning is being more widely accepted every day. All we ask is that we shed our ancient prejudices against the open acceptance of the method and cultivate and strengthen it in the interests of more effective and more responsible democratic action.





## APPENDIX

### Estimates of Saskatchewan's Labour Force

Section II of this brief contains estimates of the size and composition of Saskatchewan's labour force. The method of arriving at these estimates, which are based on census data, is outlined below.

#### 1. Size

In 1951 Saskatchewan's labour force stood at 302.5 thousand or just over 51 per cent of the population 14 years of age and over. Since that time, in the prairie region, labour force participation rates have remained fairly constant. If we assume that the participation rate for Saskatchewan was also constant during the period we arrive at a labour force estimate of about 310,000 for 1960. However one important adjustment should be made. In 1951 the participation rate of Saskatchewan's female labour force was considerably lower than for the prairies as a whole. If we allow for an increase of about 2 per cent in this rate we must add another 6,000 to the labour force and arrive at a total estimate of about 316,000. This represents a rate of growth of about 1.6 thousand members per year.

#### 2. Composition

We can also estimate in a rough way the division of the labour force into agricultural and non-agricultural and sex groupings.

In 1951 there were about 112,000 farm operators in Saskatchewan. This figure corresponded at that time to a total agricultural labour force figure of 148,000. We estimate that there are now about 95,000 farm operators in the Province. If we assume that the ratio of the number of farm operators to agricultural labour force is roughly the same today as it was in 1951 (actually it is probably a little higher due to increasing mechanization of farm operations and the lower proportion of hired help) we arrive at an estimated agricultural labour force of about 125,000. This leaves a non-agricultural labour force estimate of about 191,000.



If, further, we make certain assumptions about male and female participation rates we can also estimate the sex distribution of our current labour force. The percentage of males 14 years of age and over who are in the labour force has been virtually constant over the past decade for Canada and the prairies. If this is also true for Saskatchewan, and there is no reason to think otherwise, the 1951 participation rate of about 81 per cent should obtain today. This rate produces an estimate of about 253,000 males in the labour force. If we assume that the female participation rate in Saskatchewan has risen by about two and one half per cent during the past decade from 18.3 per cent in 1951 to 22 per cent today we arrive at an estimated female labour force of about 63,000. The assumption that a larger proportion of women are today seeking and holding employment is reasonable. Also the 22 per cent figure is still well below the 27 per cent rate for the prairies as a whole.









